Austria ... Sch 22	Indonesia .. Rp 3100	Portugal .. Esc 100
Bahrain .. Din 0.650	Israel .... IS 3.50	S. Arabia .. Rls 6.00
Belgium ... BFr 48	Italy ...... L 1600	Singapore . S$ 4.10
Canada ... C$1.00	Japan Y600	Spain .... Pta 125
Cyprus ... C£0.75	Jordan ... Fils 500	Sri Lanka ... Rup 30
Denmark . DKr 9.00	Kuwait ... Fils 500	Sweden .. SKr 8.00
Egypt .... E£2.25	Lebanon . £L 50.00	Switzerland SFr 2.20
Finland .. Fmk 7.00	Luxembourg . LFr 48	Taiwan ... NT $85
France .. Fr 6.50	Malaysia .. Rin 4.25	Thailand ... Bht 50
Germany . DM 2.20	Mexico .. Pes. 300	Tunisia .. Din 0.800
Greece ..... Dr 100	Morocco .. Dh 6.00	Turkey .... L 500
Hong Kong . HK$ 12	Netherlands . Fl 3.00	U.A.E. ... Dh 6.50
India .... Rup. 15	Norway .. NKr. 7.00	U.S.A. $1.00

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,265 — Monday June 22 1987 — D 8523 A

Africa seeks road to recovery, Page 4

World news

India's President refuses to defect

A committee of India's opposition parties selected Mr Krishan Iyer, a 72-year-old former supreme court judge, to oppose Prime Minister Rajiv Gandhi's ruling Congress (I) Party in the July 13 presidential elections.

Mr Iyer was chosen after President Zail Singh, a senior figure in the Congress party, refused an invitation from the opposition groups to defect and run against Mr Gandhi's party. Page 2

Kurds kill villagers

Kurdish separatist guerrillas murdered 30 people, including 16 children, in an armed raid on the village of Pinarcik in south east Turkey. The death toll was the highest since Kurdish rebels resumed violent struggle for a separate state in August 1984. Page 3

Stability in Sharjah

The ruler of Sharjah, Sheikh Sultan was reinstated after a four day power struggle with his brother Sheikh Abdul Aziz who is to be crown prince of the oil producing emirate in the southern Gulf. Page 3

Barcelona toll rises

The death toll in Friday's bomb blast at a Barcelona supermarket rose to 17 as thousands of people demonstrated against Basque separatist violence, which has been growing in the city since last year. Page 28

Soviets go to polls

Millions of Soviet voters went to the polls to elect new local government councils and district court judges. For the first time in some electoral districts, voters were able to choose from more than one candidate. Page 2

Iraq warns of raids

Iraq warned Tehran that it was preparing further heavy attacks on Iranian targets following an end to Baghdad's self-imposed moratorium on raiding Iran's oil export supply line.

Bomb in Manila

Men in a car tossed a grenade and opened fire at the Philippine Commission on Elections building, wounding two people in the fourth attack on buildings in Manila this week. In the central Philippines, suspected Communist assassins shot dead an army colonel, the 15th armed forces official killed this month.

Tarmac collision

Two jumbo jets sustained significant damage and an American passenger was injured in a collision on the tarmac of Vienna airport. Both aircraft were grounded.

Torture of Tamils

Amnesty International accused the Sri Lankan security forces of torturing Tamils suspected of anti-government activities. The human rights organisation said it had documented more than 500 cases in the past two and a half years.

Balloon bid delayed

Poor weather over the North Atlantic forced a second delay to millionaire Richard Branson's bid to make the first Atlantic crossing by hot air balloon. Weathermen in Maine have advised that the 200 ftall balloon should not take off before Thursday.

New flying record

A four man team flying a Lockheed 18 broke the 49-year-old record set by the late Howard Hughes for flying around the world in a propeller driven aircraft. The new record is 88 hours and 48 minutes.

101st Wimbledon

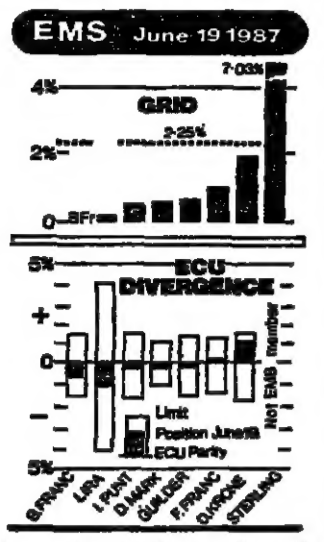
The 101st Wimbledon lawn tennis championship begins today with Boris Becker striving for his third successive men's tennis title. Becker is seeded number one, ahead of Ivan Lendl who is ranked first on the world tables. Martina Navratilova is seeded to win the women's title for the eighth successive year.

Business summary

Salomon buys key stake in Harcourt

HARCOURT BRACE Jovanovich, US publishing group fighting off a bid from Mr Robert Maxwell's British Printing and Communications Corporation, faced new threat with the disclosure that Salomon Brothers had accumulated a block of debentures which could be convertible into over one-third of HBJ's total common stock. Page 21

EUROPEAN Monetary System: Trading was subdued within the EMS last week partly due to the closure of most West German centres on Wednesday and Thursday. The dollar was firmer against the D-Mark and there was no pressure on



the weaker members such as the Belgian franc. Conditions were sufficiently relaxed to allow the Belgian central bank to cut short-term interest rates although the discount rate remained at 7.75 per cent. The Danish krone was again the most improved currency from its central rate, followed by the D-Mark.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

UK manufacturing industry remains confident that its strong performance in the first half will continue in the second half of this year. Page 20

ERICSSON, Swedish telecommunications group, is planning for a large increase in digital telephone exchange order from British Telecom, the UK telecom company. Page 6

AMERICAN EXPRESS, US financial services conglomerate, will report a second-quarter loss of $50m after taking a $520m charge to cover a quadrupling in the loan loss reserve of its American Express Bank subsidiary. Page 22

NORWEGIAN trade deficit fell to NKr 34m ($5.07m) from NKr 2.28bn in May 1986. The krone is at its strongest since last July. Page 5

BANGLADESH is to spend nearly $530m on importing 2m tonnes of grain in 1987–88 to help overcome food shortages.

JAPANESE city banks have petitioned the Ministry of Finance to allow their overseas securities subsidiaries to establish representative offices in Japan. Page 22

SQUIBB, the US pharmaceuticals group, is taking a 5 per cent stake in Cetus, the West Coast bio-engineering company, as part of a joint venture to develop and market new drugs. Page 21

McDERMOTT International, the New Orleans based energy services group, suffered net loss of $260m in the latest quarter after making provision for the closure of its seamless tubular materials business. Page 22

BOND CORP International, Hong Kong holding company for Mr Alan Bond's business interests, expects profits of HK$138m (US$17m) for the first six months of the current year.

Martens launches bid to avert EC summit crisis

BY QUENTIN PEEL IN BRUSSELS

MR WILFRIED Martens, the Belgian Prime Minister, is to undertake a hectic tour of all the capitals of the European Community this week, in a bid to rescue next week's EC summit from deadlock over future financing and reform of the Common Agricultural Policy (CAP).

His mission follows the failure of the 12 national Agriculture Ministers to agree on farm prices for the current year, and the inability of the 12 Budget Ministers to decide on how to fill a Ecu 5bn to Ecu 6bn hole ($5.67bn to $6.8bn) in the current budget.

It coincides with an attempt by EC Foreign Ministers, meeting under the chairmanship of Mr Leo Tindemans, the Belgian Foreign Minister, in Luxembourg today, to reconcile their differences on long-term budget reforms in advance of the summit.

At the heart of the negotiations lies the renewed exhaustion of EC budget funds, and the inability of the 12 member states to agree on whether and when to raise their long-term cash contributions. That, in turn, is directly linked to the urgent need for an overhaul of the agriculture policy, which consumes two-thirds of the budget, as well as the demand by southern member states for more money to be spent on regional and social policies.

All the problems are coming together in time for the Brussels summit on June 29 and 30, a challenge likely to tax even the formidable negotiating powers of Mr Martens – Belgium's longest-surviving post-war prime minister.

The most crucial stops on Mr Martens' tour will be in London on Tuesday, where Mrs Margaret Thatcher, the British Prime Minister, is the most adamant opponent of increasing budget contributions without radical reform of farm policy, and in Bonn, where Chancellor Helmut Kohl's government is equally opposed to increased contributions and agricultural reform.

Madrid will also be a key stop, because for the Spanish Government has refused to give its blessing to any short-term budget solution, without sumultaneous agreement on a long-term deal, with more cash for the poorest regions.

Officials in Brussels fear the prospect of the summit being held simultaneously with council meetings of budget and agriculture ministers, a device seen as the only way of forcing the national governments to vace up to the way their decisions are linked.

For its part, the European Commission is already planning its actions in the event of a deadlocked summit.

On Saturday, the Commission gave formal notice in the Official Journal of the EC of its intention to apply "conservatory measures" in agricultural markets from July 1 if the Farm Ministers fail to agree on a prices package. That is expected to mean imposing the sort of price cuts for cereals and other products the Commission has proposed, but the ministers have failed to agree on.

Over the weekend, Mr Jacques Delors, the Commission President, also held talks with his two key lieutenants, Mr Frans Andriessen, the Farm Commissioner and Mr Henning Christophersen, the Budget Commissioner, to decide how and when he should implement his threat to cut back current EC spending, in the absence of any budget settlement.

There are fears in the Commission that if he carries out his threat – to cut farm spending by 30 per cent and other programmes by up to 50 per cent from the end of July the entire body could face the wrath of the European Parliament, and a possible vote to sack them.

Kuwait appeals for help to clear Gulf mines

BY TONY WALKER IN KUWAIT

KUWAIT has appealed to the US and Saudi Arabia to help clear mines from the channel leading to its main oil-loading facilities.

This follows the fourth incident in about a month in which a ship has struck a mine near the entrance to the Ahmadi channel.

On Friday, a Liberian-registered supertanker carrying Kuwaiti oil suffered minor damage to its bow and was forced to return to port.

Western officials in Kuwait say it seems that a systematic attempt by Iran is under way to disrupt shipping in Kuwaiti waters.

The officials say that earlier speculation that ships were hit by mines drifting in the northern Gulf now appears implausible.

All the explosions have occurred in a relativively small area, mesuring a few square kilometres on the fringes of Kuwait's territorial waters.

The four tankers which have encountered mines off Kuwait are the Soviet's Marshall Chuikov on May 18, the Panamaniam Primrose on May 27, the Greek Ethnic on June 9 and, most recently, the 273,408-ton Liberian-registered Stena Explorer on June 19.

Lloyd's Shipping Intelligence Unit reported late last week that the US Hydographic Office in Washington had warned American mariners to "exercise extreme caution" in Kuwait's main oil shipping channel because of the mines.

Kuwait's appeal for help to counter the new menace of mines disrupting its oil routes coincides with fresh threats from Iran.

Mr Hussein Mousavi, Iran's Prime Minister, denounced Kuwait at the weekend following an Iraqi attack on an oil tanker bound for Kharg Island, the Iranian oil loading facility in the northern Gulf. Iraq's aircraft pass through Kuwaiti airspace in their missions over the Gulf.

Warning that "insecurity in the Persian Gulf will be much greater than in the past," Mr Mousavi said: "We have evidence that proves Kuwait provided the facilities for this attack, whose purpose was to pave the way for American's presence in the region." US officials have told Kuwait that it has mine detection equipment available in the Gulf. Saudi Arabia has several minesweepers.

It is unclear how extensive has been the sowing of mines in the Ahmadi channel. Officials say that it may just amount to a small number of mines placed there by Iranian Revolutionary Guards who move in and out of the area quickly in small boats.

The nature of the mines has also yet to be established. They may be "contact" mines or the acoustic variety which sit on the bottom and then pop up at the sound of a ship approaching.

The latter were used to mine approaches to the Suez canal in 1984.

Express puts last nail in Fleet Street's coffin

BY RAYMOND SNODDY IN LONDON

THE FORMAL death of Fleet Street as a production centre for Britain's national newspapers is likely to be announced on July 2 when Express Newspapers unveils its plans to leave.

United Newspapers, owners of the Express Group and publishers of The Daily Express and The Sunday Express and Star will be joining all the other national newspapers which have already begun building new printing plants in London's former docks area or moving towards distributive printing in different parts of the country.

The move away from Fleet Street, the heart of the British printing industry for several centures, has been under way for the past three years but gained momentum when Mr Rupert Murdoch moved his four national titles to Wapping more than a year ago. Papers such as the Daily Mail are building modern printing plants in the docklands and moving their journalists out of Fleet Street – in the Mail's case to Kensington, above a department store.

Other newspapers on the move include the Observer which is moving its editorial offices to Battersea in South West London. Next month the near-neighbours of the Express in Fleet Street, the Daily Telegraph journalists, move to the Isle of Dogs, also a former dock area, where their modern new printing plant has been built.

When they all leave, the Fleet Street pubs will be left entirely to the lawyers from the near-by High Court and the growing number of financiers as the City of London financial district spills over into Fleet Street.

United has been working on a comprehensive package for the future of its national newspaper, including a move to direct input of copy by journalists, for more than a year.

The plants are likely to mean the loss of a further 2,000 jobs on top of more than 2,000 which went last year after a closure ultimatum to unions.

The Express headquarters in Fleet Street, built by Lord Beaver-

The Daily Express Fleet Street building

brook and now a listed building, is to be sold, and journalists moved to Invicta Plaza, south of the river at Blackfriars.

The northern editions of the newspapers will be printed on new presses at the Express's Manchester printing hall and at a new United Newspapers plant at Broughton near Preston.

The papers for the northern edition will, however, be made up in London and pages transmitted by faximile machine.

Continued on Page 20

US seeks to speed reform in S. Korea

BY LIONEL BARBER IN WASHINGTON AND MAGGIE FORD IN SEOUL

A SENIOR US State Department official, Dr Gaston Sigur, is due to arrive in Seoul today on a delicate mission to promote a compromise over political reform in riot-torn South Korea.

His visit comes as police continue to crack down in provincial cities, arresting more than 1,000 people in Pusan yesterday following serious rioting the night before.

Dr Sigur said yesterday that he would have "very broad exposure" during his visit, which suggested he would seek talks not just with President Chun and the ruling party, but also with opposition leaders.

Dr Sigur's emergency mission follows almost two weeks of street protests over Mr Chun's decision to end debate on the choice of a successor and general frustration with the slow pace of democratisation.

The diplomatic intervention of the US reflects Washington's concern over stability in South Korea, which is a close political and military ally.

Dr Sigur, asked on US television about the possibility of a coup by the South Korean military, said: "That is always a possibility, but I don't think it is a serious problem at this time."

President Reagan is believed to have sent a letter to President Chun last week pressing him to resume a dialogue with the opposition parties and urging him not to overreact to the street protests which have been led by students and supported by the Korean middle class.

In Pusan over the weekend demonstrators took over 50 buses and an oil tanker. Police were forced to call for reinforcements from other provinces, and in an effort to calm down South Korea's main industrial city public transport was yesterday suspended.

Although Seoul was quiet after a number of incidents on Saturday, sporadic outbursts of violence occurred elsewhere. In Taegu, home town of President Chun, two government buildings were set on fire.

Dr Sigur said he supported calls for electoral reform, an end to press censorship and a dialogue about political change. "Change has got to take place... and talk is not enough, there has got to be action."

Prospects for Seoul Olympics 'unchanged'

BY MICHAEL THOMPSON-NOEL IN LONDON

DESPITE the violent demonstrations which have rocked South Korea over the past 12 days, prompting fears that martial law might be imposed, there appears to be no immediate threat to next summer's Olympic Games, due to be held in the country's capital, Seoul.

Mr Charles Palmer, chairman of the British Olympic Association, said at the weekend that prospects for the games were "absolutely unchanged" and only an act of war would cause them to be cancelled.

However, the International Olympic Committee does face problems arising from South Korea's political crisis.

First, the rioting and warnings from Mr Lee Han Key, the South Korean Prime Minister, that emergency measures may be introduced, could cause countries or individual athletes to pull out, or deter tourists.

Second, there is always the possibility of a games boycott by one or other of the superpowers, a prospect heightened by hints from Russian officials last week that the country might be forced to take such action.

Third, and a potentially more serious headache for the commitee, is the demand by the country's Communist neighbour, North Korea, that it should be allowed to stage more sports and events than those already allocated to ist. Next month, officials from both countries will meet at the committee's headquarters in Lausanne, Switzerland, to discuss the issue.

Mr Palmer conceded that the South Korean Government faced serious problems. "Formerly, that country would have put down student unrest with the greatest despatch. There would have been several hundred deaths, and that would have been that. But South Korea is trying to soften its image, so it's caught in a squeeze – trying to be nice to the demonstrators because of the Olympics while the demonstrators are nasty to it."

To summise that the Seoul games are in any greater jeopardy than other Olympics of the past 20 years is to underestimate the determination of the international committee to make sure they are held. While

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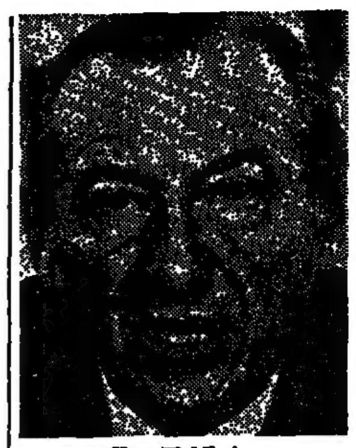

Kurt Waldheim

Vatican defends Waldheim visit

By Alan Friedman in Milan

THE VATICAN attempted yesterday to calm the growing controversy over this week's planned state visit by President Kurt Waldheim of Austria to the Holy See. The meeting with Pope John Paul II, planned for Thursday, will be Mr Waldheim's first foreign trip since he was elected a year ago.

The Vatican defence of Mr Waldheim's visit comes amid numerous international protests against the Pope's plan to receive the Austrian leader, who is accused of involvement in Nazi war crimes during the second world war and who has been banned from making an official visit to the US.

With the Italian Government diplomatically sidestepping any visit from Mr Waldheim, Pope John Paul II has been sharply criticised by Jewish groups in Italy, the US and Israel and by some Italian politicians for his decision.

The Waldheim visit to the Vatican, which follows a request from Vienna, is being seen in Italy as a highly embarrassing matter, which the Jewish community in Rome says amounts to an official absolution of Mr Waldheim by the Pope. Mr Elio Toaff, the chief rabbi in Rome, sent a telegram of protest to Pope John Paul II in which he expressed outrage at "this act of rehabilitating a person who is suspected of complicity in war crimes."

Rabbi Toaff added that it was "strange and worrying" that the Vatican should place itself alongside those few countries such as Libya, Jordan and Uganda which have invited Mr Waldheim for a state visit.

The Holy See yesterday responded by rejecting all criticism of the meeting between Mr Waldheim and the Pope and by saying the Vatican is "profoundly surprised and pained" by the criticism.

In a lengthy communique the

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CONTENTS

Lionel Barber on the President's plan for an economic bill of rights

Reagan launches budget 'roadshow'

WHEN President Reagan arrives today at the dictaphone plant by the Indian River, on the coast of Southern Florida, he will launch what he grandly calls "an economic bill of rights."

More prosaically, the president's subject is budget reform, and over the next few weeks he will take his message to other American businesses and communities.

Back in Washington, there is deep cynicism about Mr Reagan's road show. The views vary from the over-simplistic—the president just want to get out of town when the big bombs drop at the Irangate hearings—to the Machiavellian—Mr Reagan is using budget reform as a smokescreen for inaction.

"The problem is not the process," says Mr Robert Byrd Senate majority leader. "The problem is the president who is leading a party that won't participate."

Confrontation between the Democrat majority in Congress and a second-term Republican president has implications way beyond domestic US politics.

The $200bn US budget deficit is widely blamed for creating other global economic imbalances and is a source of concern throughout the international community. Any successful move to cut the deficit would have an immediate effect on currency and financial markets.

This week, both the House of Representatives and the US Senate will pass a trillion-dollar budget for fiscal year 1988, starting this October 1, thus setting the stage for a prolonged battle with the President on tax and defence policies.

It will appear long on rhetoric and short on substance, but behind the scenes in Washington, Democrats are already laying plans to corall the President and force him to do a deal.

Mr Reagan has so far ruled out talks because he says he will not approve tax increases and he objects to cuts imposed by Congress on defence spending.

In his own budget last January, Mr Reagan requested a 3 per cent real increase in defence spending to $312bn. House-Senate talks last week produced a compromise figure of $296bn and a proposal for a tax increase of $19.3bn, as yet undefined.

The next stage will be to send the figures to the Democrats tax writing committees who will figure out who is going to stump up the $19.3bn.

Lawmakers are tinkering with the idea of excise taxes on petrol, cigarettes, liquor and beer—moves which have brought lobbyists swarming like cicadas to Capitol Hill.

Reconciling revenue with spending will be difficult, involving painful choices for Democrats who know their budget will set part of the political agenda for the 1988 presidential campaign.

But those close to the budget process say their main aim is to establish the principle of tax rises and force a stubborn president to swallow it.

The challenge therefore will be to put together a package which the President will find hard to refuse, incorporating tax rises, marginal defence spending squeeze, and the President's own baby, budget reform.

"We believe the White House has made a big tactical mistake in taking the president out of town. That enables us to take the initiative," said one congressman.

One strong indicator of the Democrat strategy will be the two track defence/tax proposal put together by Senator Lawton Chiles, who chairs the Senate budget committee.

He secured House agreement by saying that the $296bn for defence would only work if the president agreed to a $19.3bn tax rise; if not, defence spending would fall to $289bn.

The best opportunity to pursue this carrot and stick approach with the White House will come next month when Congress considers a bill to raise the national debt ceiling so the US can continue to issue securities to pay its bills.

Senator Chiles has attached his tax-raising bill to the debt bill, a shrewd move since the president must sign a debt bill so the US Treasury can continue to borrow.

Failure to do so could cause the Treasury to back off, forcing higher interest rates and costing billions.

"The idea is to trap the president into exerting responsibility for the mess," said one congressman, noting that the second most important target was the White House chief of staff and former senate Republican majority leader, Mr Howard Baker.

"Baker knows the score because he was on Capitol Hill when the budget deficit built up. We know he wants to talk with us."

Peruvian 'terrorist plot dismantled'

By Barbara Durr in Lima

THE PERUVIAN GOVERNMENT claims it foiled a terrorist plot to black out Lima and unleash a series of attacks across the city. Police detained 30 people suspected of being involved in the plan.

Friday was the first anniversary of a massacre at three Lima prisons, where between 250 and 300 inmates accused of terrorism were killed by the military police.

Mr Abel Salinas, the interior minister, issued a communique saying intelligence sources had uncovered the plan which was said to have been timed for Friday night. This would have coincided with the first anniversary of the massacre at three Lima prisons, where between 250 and 300 inmates were killed by military police.

The Minister warned Lima's citizens to "take the necessary precautions," a phrase that caused near panic as workplaces, restaurants and bars rushed to close early, leaving the streets virtually deserted at the usually busy hour of 9 pm.

While the Government put the armed forces and police on alert, the Sendero Luminoso guerrilla group held its first open public rally. Under a three-storey high red banner with a bright gold hammer and sickle in the centre, the guerrillas paid homage with speeches, music and poetry to the prisoners.

Indian President's move averts crisis for Gandhi

BY JOHN ELLIOT IN NEW DELHI

THE RISK of a fresh political crisis hitting Mr Rajiv Gandhi, the Indian prime minister, was averted last night when Mr Zail Singh, the country's president and a senior figure in Mr Gandhi's Congress (I) party, refused an offer from opposition parties to defect and become their candidate in elections next month for a new president.

The opposition's aim was to provide an opportunity for Congress I MPs to demonstrate their dissatisfaction with Mr Gandhi by voting secretly in the presidential election for Mr Singh. Such a revolt, if widespread, would have seriously undermined Mr Gandhi's chances of survival in power.

However, after a weekend of political manouevering in New Delhi, Mr Singh last night told Mr Gandhi he stood by his recent decision not to seek a second term and that he had no intention of doing anything "unconstitutional".

Mr Singh, who has had major clashes bordering on a constitutional crisis with Mr Gandhi in recent months, will retire in five weeks and is not being offered a second term by Congress I.

Following last week's trouncing of the Congress I in the Haryana state elections, opposition leaders tried over the weekend to compound Mr Gandhi's problems by persuading Mr Singh to leave his party and become their nominee against the official Congress I candidate, Mr R. Venkataraman, the vicepresident.

The opposition parties will today chose Mr Krishna Iyer, former supreme court judge, as their presidential candidate although, without a Congress I revolt, he has no chance of winning.

Debt likely to top IMF agenda

BY DAVID LASCELLES IN HAMBURG

THE IMPACT of the recent large provisions made by international banks against their Third World loans is expected to dominate discussions at the International Monetary Conference which opens here today.

The three day session attended by the chairman of the world's 100 largest banks will be addressed by top financial officials including Mr Paul Volcker, the outgoing chairman of the Federal Reserve, and Mr Gerhard Stoltenberg, the West German Finance Minister.

Bankers said here last night that the recent wave of provision making amounting to several billion dollars meant that resolution of the debt problem had moved into a new phase.

However, it was still unclear what effect the provisions would have on relations between the banks and their sovereign debtors: whether it would facilitate or choke off the flow of new money.

Mr John Reed, the chairman of Citicorp, who started the round of provisions with a $3bn charge last month, is among those attending the event.

The conference will also discuss international monetary reform, financial regulation and the European market. On Wednesday, leading central bankers will review current financial and banking affairs. Apart from Mr Volcker, they include Mr Robin Leigh Pemberton, Governor of the Bank of England, Mr Jacques de Larosiere, Governor of the Bank of France, Mr Takeshi Ohta, Deputy Governor of the Bank of Japan, and Mr Karl Otto Pöhl, president of the Bundesbank.

China opens its door to marketing

Robert Thomson in Peking reports on China's largest advertising conference – an event filled with compliments for Western marketing success stories such as Coca-Cola and McDonalds and punctuated with optimism that China has begun to play by the rules of the industry. Chinese officials used the occasion to assure foreigners that the "open door" policy would remain in place despite turbulence within the Communist Party in recent months.

IT WAS not unusual for there to be talk of "revolution" in the Great Hall of the People, and "global strategy" is a term the Communist Party has employed. Yet the closing day of China's largest advertising conference must have disturbed the sleep of Mao Zedong, who lies only a few hundred metres from the Great Hall.

As it has been for the past week, the Third World Advertising Congress was filled with compliments for first world marketing success stories such as Coca-Cola and McDonalds, and punctuated by optimistic projections for a China that has begun to play by the industry's rules.

"We have heard so much about Coca-Cola that I expected the Queen to be coming in on a horse drinking a bottle," joked the head of a corporate sponsorship consultancy, after delegates were shown a selection of BBC clips – including a few of the British Royal Family – with the intention of proving that the network has something for every sponsor.

A few minutes earlier, Chinese delegates had been addressed on global branding and the Heinz ketchup experience, that is, how the Heinz company convinced the western masses that their ketchup is "thicker and richer" than the rest.

Then, the "Idaho potato concept" was discussed – all this in the home of the Communist Party!

The executive vice-president of Nestlé, the international food group, Mr Camillo Pagano, was asked whether global branding undermined the idiosyncracies of different nationalities – the Chinese are very sensitive about "Westernisation" and so are in the midst of a campaign against "bourgeois liberalism."

Mr Pagano explained that in the case of Nescafé, his company had kept the brand but varied the coffee to suit each country's "culture of coffee" – a culture yet to be refined in a country of one billion tea drinkers. As for sponsorship, the Chinese were told by a BBC representative that with the "new economic reality," sponsorship is "an idea whose time has come."

There were about 1,500 delegates, 600 of them Chinese, at the five day conference, which ended on Saturday. Chinese officials took advantage of the occasion to assure the attending foreigners that the "open door" policy would remain in place, despite the political turbulence of recent months in the Communist Party.

While Chinese speakers such as Mr Jin Guiqi, chief of the state administration of industry and commerce's advertising department, naturally focused on the state's interests and China's "four modernisations," foreign speakers were product and sector-oriented.

A delegate from Shanghai found the Western jargon "a bit confusing", but thought a few of the discussions were enlightening, particulary a session on the fashioning of an image for exported Chinese silk.

Many of the foreigners, who already know all about "global branding", were there to meet Chinese Import and Export Corporation officials in the hope of a deal or two.

The get-together was brought to a close with awards to Chinese advertisements for work boots and Mao Tai, the fiery grain spirit. And there was a speech from Mr Humayun Gauhar, the publisher of South magazine, which sponsored the congress in conjunction with the China National Advertising Association for Foreign Economic Relations and Trade.

Mr Gauhar became very spiritual toward the end of his address. He explained that communication was at the heart of advertising, and if you can't communicate you can't advertise: "And the heart of communication is what the great religions call the word."

He finished off the congress with a quote from a book not widely read in China, and a book that will have trouble finding a corporate sponsor here: "In the beginning was the word and the word was with God, and the word was God."

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OVERSEAS NEWS

White House halts new deals with Toshiba

BY DAVID BUCHAN IN WASHINGTON

THE US Defence Department has temporarily stopped doing any new business with Toshiba because of the involvement of a subsidiary of the Japanese company in selling sensitive naval technology to the Soviet Union.

The Pentagon's suspension of new dealings with Toshiba started in April and will last until there is "a satisfactory resolution of this entire matter", according to Dr Steve Bryen, head of the department's technology security division.

The move is the minimum expected action by Washington against Toshiba, given considerable Congressional anger over the sale of sophisticated milling machines allowing Moscow to make better and quieter propellers.

At a hearing last week, several senators called for a temporary ban on all Toshiba's high volume electronics sales in to the US.

For the time being, the Administration does not favour such widespread action while 1983-84 Toshiba machine sales to the Soviet Union are still being investigated by the Japanese authorities.

But the Pentagon action alone may have lost Toshiba a $100m contract to supply the US Air Force with some 90,000 mini-computers. Competition for the contract has recently been reopened without Toshiba being allowed to bid.

Japan is a member, along with Nato countries, of the Paris-based co-ordinating committee which bars the sale of militarily sensitive or useful technology to the Soviet Union and its allies.

Current Cocom rules prohibit the sale of machines with more than three independently operating, numerically controlled axes—each axis allows the machine to carve metal in a different plane.

Philippine agro loans hit by land proposals

BY RICHARD GOURLAY IN MANILA

MANY of the Philippine's largest banks have temporarily stopped making agricultural loans because they are uncertain how their collateral will be affected by a proposed new land reform that President Corazon Aquino says she will approve shortly.

The temporary freeze is hitting none more than the sugar planters, who will eventually be the target of the programme to redistribute land to landless farm workers. It has also started to restrict credit to the rapidly expanding prawn industry which the Government holds up as an example of a sector into which sugar planters should be diversifying.

The temporary credit freeze was imposed by most banks in early June. It comes amid an intense debate over whether sugar and coconut lands should be covered in the land reform programme.

Mrs Aquino has promised to approve a land reform programme by decree before she loses her power to legislate by fiat to a newly elected Congress on July 27. However, the top level cabinet committee that is looking exclusively at land reform has not agreed what lands it should cover or how to finance it.

Prawn cultivation has been growing rapidly, especially in Negros where a monocrop culture based on sugar has grown up. In 1986 the Philippines exported over $103m of prawns, mainly to Japan, up from $63m the previous year.

By contrast, last year the country exported $87m of sugar, down from $169m in 1985. However, entire communities and, in the case of Negros, almost an entire island, remain dependent on sugar for jobs.

The bank freeze is effectively limiting loans to farmers who can offer as collateral assets other than land. It could further reduce sugar yields during the growing season because farmers will be forced to cut back on fertilizers.

Early drafts of the land reform programme suggested all farm land would be split, leaving landlords with a maximum of seven hectares. Recent discussions suggest some exclusions might be made for sugar and coconut estates and for agribusiness ventures, in order to find ways to redistribute land without harming productivity.

Uncertainty – and therefore a credit freeze – could well continue beyond Mrs Aquino's decree next month. Some observers believe her decree will only signal general directions to the new Congress on the form of the sugar and coconut land reform. Congress would then be left to decide the details.

Dubai aids restoration of Sharjah ruler

By Angela Dickson in Abu Dhabi

IN THE early hours of yesterday morning United Arab Emirates television and radio flashed an announcement that the constitutional crisis surrounding the rule of Sharjah had been resolved.

Sheikh Sultan bin Mohammed al Qassimi is to be reinstated as ruler, and his brother, Sheikh Abdul Aziz bin Mohammed al Quassimi, who seized power last Wednesday, is to be made Crown Prince.

The affair, which caused considerable concern to the Western powers as well as to neighbouring states and emirates, was successfully averted by constitutional means and without bloodshed.

Dubai's prompt action in supporting the legitimate ruler, Sheikh Sultan, within hours of the announcement that he had resigned, was the turning point in the crisis. But it was a further 24 hours before Abu Dhabi was fully convinced of the need to take this stand.

It was only after three days of consultations that full unanimity was achieved and Sheikh Abdul Aziz persuaded to accept the compromise.

According to those close to the action, Sheikh Hamdan bin Rashid al Maktoum of Dubai, Minister of Finance, and son of Dubai's ruler Sheikh Rashid, was largely instrumental in bringing the parties together and in keeping matters cool when they threatened to escalate.

In the context of the tense situation in the Gulf, the quick and non-violent resolution of the crisis, coming as it did, after consultation between all the emirates, has had a stabilising effect. It demonstrates the cohesiveness of the federation after 16 years of existence.

But there may be other effects of the incident within the UAE. "The fall-out will be considerable," said one Gulf watcher. Abu Dhabi could find itself open to criticism for what may have appeared a flacid and belated response to the crisis.

Relations between Abu Dhabi and Sharjah may take some time to put back on their former footing, while those between Abu Dhabi and Dubai are unlikely to become warmer as a result of the past week's events.

Hizbollah accused of Glass kidnapping

MR ADEL OSSEIRAN, the Lebanese Defence Minister, yesterday accused the pro-Iranian Hizbollah militia of having kidnapped last week his son and Mr Charles Glass, a US journalist, Reuter reports from Rmeileh, Lebanon.

"They are with Hizbollah. It was confirmed," he said at his family mansion 20 miles south of Beirut.

Hizbollah has denied any link to the abductions.

Mr Glass was the first foreigner to be kidnapped since more than 7,000 Syrian troops were sent into west Beirut four months ago to restore order. Twenty-nine foreigners are missing, believed kidnapped, in Lebanon.

Mr Osseiran said there would be "surprise" developments soon concerning all the foreign hostages. He did not elaborate.

Maggie Ford in Seoul reports on strong American hopes for a swing towards democracy

US Pacific strategy at stake in South Korea

AS South Korea's politicians inched their way at towards a solution to the crisis brought on by massive demonstrations, newspaper readers were anxiously searching yesterday for clues to the US attitude.

The picture was unclear. Mr James Lilley, the US Ambassador to Seoul, delivered a letter to President Chun Doo Hwan on Friday from President Ronald Reagan, in which the US leader reportedly urged restraint in dealing with the unrest. A two-hour discussion followed.

Mr George Shultz, ending a visit to the Philippines, urged the resumption of dialogue. "This problem of managing transition in a country from one kind of government to a more democratic government is extremely tricky," he said. Citing Iran and Nicaragua as cases where it had not worked, he said the US paid a heavy penalty, and therefore had a big stake in seeing the movement to democracy proceed.

The stakes for the US on the Korean peninsula are indeed high. Since the end of the Korean War in 1953, 40,000 US troops have remained in the country to protect it against the threat from the communist North.

In addition, US views South Korea as a vital part of its Pacific defence strategy, which includes Japan, Taiwan, the Philippines and Australia in an anti-Soviet informal alliance. Nuclear missiles in South Korea counter those in the Soviet Far East and, until Japan can be persuaded to engage in a higher defensive posture, the US regards South Korea as a key component of its strategy.

That strategy presupposes stability on the peninsula, a stability which some analysts view as being threatened not only by civil unrest but by a transition to what they see as the wrong kind of democracy. It is at this point that a clash between US interests and the will of the South Korean people could take place.

Ever since President Chun Doo Hwan took power in a military coup in 1979, South Koreans have suspected that although the Reagan Administration says it supports democratic change, it actually prefers a strongman to be in charge who can guarantee loyalty to US security interests.

Although US officials deny any such policy, anti-Americanism, especially among the educated middle class and students, has grown as a result, exacerbated by Congress' harsh line on

Roh Tae Woo: sounding a warning note

trade issues and the Administration's inability or unwillingness to check it.

Even Mr Roh Tae Woo, the former general and hand-picked successor to President Chun struck a warning note at the ruling party's national convention last week. The opposition should join with the ruling party to cope with the self-seeking rivalry among the big powers over the future of Korea and with the increasingly vicious trade war," he said.

Mr Roh was at that time seen as the puppet of President Chun and his election as the party's presidential candidate at the convention sparked off the present unrest. People protested against a further seven years of military-backed rule. Since then Mr Roh has attempted to distance himself from President Chun and to show the people that he is in favour of genuine democracy. Although he has some way to go, observers believe he has had some success.

Should democracy come about in South Korea, whether through the ruling party or the opposition, the Americans would probably face a more nationalistic stance on trade, a virtual ban on interference in domestic politics (which the US denies doing) and a probable increase in efforts towards unification of the peninsula which might change the status quo.

Against that, a democratic triumph in Korea would be a feather in the cap of this, or any future, Administration. Clear support for genuine democratic change by Washington would also go a long way towards dispelling the growing anti-American feelings in South Korea.

The strong commitment to anti-Communism by South Koreans is not in question and the country remains free of terrorism and insurgency, so that in the medium term, US security interests would probably remain unchanged. Trade arguments might become more intractable, but the US would still hold many of the cards.

If stability is the main consideration for US planners, then Western diplomats believe that Washington would be well advised to intensify efforts to promote genuine democratic change. South Korean opposition leaders, academics, newspaper editorial writers and even some ruling party officials have all said that more repression will be strongly resisted by the people.

Some even go so far as to predict that if martial law were imposed sections of the military and police might join the people in their protest.

Further violence would also endanger the holding of the 1988 Olympic Games in Seoul, described by President Chun as one of the nation's great tasks for 1988. The Soviet Union and West Germany added their voices at the weekend to concern expressed over the violence affecting the Games. Los Angeles has already offered to take over the job if Seoul proves unable to go ahead.

Ruling party wins in Bahamian election

BY ATHENA DAMIANOS IN NASSAU

THE RULING Progressive Liberal Party in the Bahamas beat off the biggest challenge for 20 years, winning the general election at the weekend by a wide margin, despite opposition charges of complicity in the drugs trade.

In unofficial returns, the PLP won 31 seats in the House of Assembly, the opposition 16.

Mr Hubert Ingraham and Mr Perry Christie, former ministers who were fired after they had confronted Sir Lynden Pindling, the Prime Minister, over allegations of high-level corruption, became the first independents in 20 years to win seats.

The two PLP candidates who have been linked to drug traffickers by a Royal Commission of Inquiry, Mr Kendal Nottage and Mr George Smith, were returned to the House by large majorities.

Political analysts had expected a closer race.

On Andros one of the Caribbean country's 700 islands, a riot erupted over alleged cheating at the polls.

The presiding officer, Mr Carl Spencer, was beaten up by people who believed he had conducted affairs irregularly on behalf of a PLP candidate. The opposition FNM candidate was also beaten up.

Hundreds of people stormed the polling station, cars were overturned and rocks thrown.

Kurds kill 30 in Turkey

BY DAVID BARCHARD IN CESME

IN THE latest of a steady spate of armed attacks on civilian targets in eastern Turkey, Kurdish separatist guerrillas, believed to belong to the PKK (Workers' Party of Kurdistan) murdered 30 people, including 16 children, in an armed raid on the village of Pinarcik, near Mardin, and close to the Turkish-Syrian border, on Saturday.

Government sources said the guerrillas had attacked the village's 16 houses with automatic weapons and hand grenades.

Among those killed was the headman, Mr Cetin Yavuz, and three guards intended to protect the community against this kind of attack.

Turkey clearly has a grave security problem in its south-eastern provinces, bordering Iran, Iraq and Syria.

The situation has been deteriorating since August 1984,

Company Notices

Announcements

OVERSEAS NEWS

Bavadra to seek help from Lange

By Robin Pauley, Asia Editor, in Wellington

DR TIMOCI BAVADRA, the deposed Prime Minister of Fiji, will todaly ask Mr David Lange, Prime Minister of New Zealand, for help in the campaign for the return of democracy to the South Pacific island state.

Mr Lange has said New Zealand would do whatever asked to restore democratic rule in Fiji, although it has become increasingly unclear what he means. He has already ruled out military intervention.

Crowds gathered in Auckland and Wellington to welcome Dr Bavadra yesterday, some carrying placards saying "CIA coup Instantly Arranged," referring to Dr Bavadra's claim that the US Central Intelligence Agency was involved in the bloodless military coup which overthrew his one-month-old Government on May 14.

Dr Bavadra arrived from Washington where he urged that a US Congressional committee of inquiry be set up to examine the circumstances surrounding the coup.

He has dropped Australia from his schedule because Mr Bob Hawke, the Prime Minister, has declined to meet him during the present general election campaign.

He has also been in London where the Queen refused to meet him on the advice of her Governor-General in Fiji, Ratu Sir Penaia Ganilau.

Meanwhile, the economci crisis in Fiji is worsening. Ratu Ganilau, who has assumed executive authority under the state of emeregency, has ordered the country's sugar-cane farmers to cut can today and announced factories will start cane-crushing tomorrow.

So far, the farmers have refused to harvest the sugar in protest against the coup. The cane is now in flower which means its condition can only deteriorate if left uncut.

Fiji earns about half its foreign exchange from sugar. The harvest would anyway have been poor this year because of drought. Even if cutting begins today, the harvest is now likely to be 40 per cent down on last year.

With the other source of foreign exchange, tourist revenues, drying up since the coup, the country faces a long haul out of economic crisis.

Peking minister holds talks in HK

BY DAVD DODWELL IN HONG KONG

WU XUEQIAN, Chinese foreign minister, made a first visit to Hong Kong by a Chinese minister at the weekend. He met the territory's new governor, Sir David Wilson, for informal talks during an unexpected two-hour stop-over.

The visit coincides with a resurgence of tension between China and Britain over the pace and direction of political reform in the territory, following a clear attack on the idea of direct elections by Li Hou, one of China's most senior officials dealing with Hong Kong affairs.

Such a stop-over would have been unthinkable for Peking even two years ago. Chinese officials had always insisted that talks on Hong Kong take place in the Chinese capital. Even now, they do not formally acknowledge the lease by which Britain has the territory as colony.

China watchers suggested the decision by Wu Xueqian to stop for talks in the British territory was a measure of how much more relaxed Peking has become about Hong Kong since the Sino-British declaration on the return of the territory to Chinese sovereignty was signed in 1997.

Plans for the informal talks, at the governor's lodge close to the Chinese border, were made some weeks ago, but have been kept quiet.

The Hong Kong Government issued a terse statement after the 90-minute meeting, to say the Chinese minister had a "courtesy meeting" with the governor. A senior Chinese official suggested that recent political tensions had not been raised.

This was thought implausible by most observers, though it is likely that the talks were not on details.

Wu Xueqian: Historic visit to governor

Controversy arose last week over a statement by Li Hou, deputy head of the Hong Kong and Macao affairs office in Peking, that direct elections to the territory's legislative council in 1988 would be in breach of the 1984 joint declaration.

The Hong Kong government initiated, a month ago, a summer-long debate on future political reforms. A proposal for direct elections is one of the options and appears to have strong public backing.

Peking has made clear, even so, its opposition to such elections. Some have suggested that Peking objects to direct elections at any time, in any form, but others say it is simply a matter of timing—with mainland officials wanting to offer direct elections as one of their "gifts" to the Hong Kong people when they unveil in 1990 the basic law that will lay out Hong Kong's post-1997 constitution.

Li Hou's comments—quoted in Outlook, a weekly publication linked to the New China News Agency—not only reiterate China's opposition to direct elections next year, but break new ground by suggesting that the Hong Kong administration is contravening the joint declaration by even considering them.

Wu Xueqian has met Sir Geoffrey Howe, the British Foreign Secretary, twice in recent months to discuss differences betwen Britain and China over direct elections—first in Switzerland in March, and then in Tailand in April.

Africa seeks road to recovery

Patrick Smith, in Lagos, assesses moves towards economic reform across a continent

AFRICAN COUNTRIES should continue to pursue structural economic reforms, while pressing the international community for more flexibility on debt repayments and seeking to expand the intra-African and international market for their products, delegates said at the UN Economic Commission for Africa conference on Economic Recovery in Africa.

The five-day conference, which ended last Friday, was held at Nigeria's new capital, Abuja. It was aimed at reviewing progress on the implementation on the UN Programme of Action for African Recovery and Development from 1986 to 1990.

It attracted more than 200 African and international experts, government officials and policy makers from 36 countries, as well as representatives from the UN, the IMF, the World Bank and non-governmental organisations.

While the conference had no policy-making powers, its recommendations are to be forwarded to the Organisation of African Unity summit at Addis Ababa in August and the scheduled special session on Africa at the UN assembly in September.

The programme, launched at the UN special session on Africa last June, focused on the restructuring of Africa's agricultural policies to promote increased food production, the build-up of agriculturally based industries, the reversal of the effects of drought and desertification, and wide-ranging reforms of the region's educational and occupational training provision.

These objectives were to be underpinned by an internationally supported programme of market-oriented economic reforms. Some 28 African countries have embarked on substantial structural economic reform, the Commission said.

The cost of the UN programme was estimated last June to be $128.1bn, of which African countries are expected to raise $82.5bn. The international community would be asked to contribute the remaining $45.6bn. While the UN special session endorses the recovery programme, no specific commitments on international assistance were made. The Commission is working in co-operation with the World Bank and IMF to improve monitoring of flows into Africa under the programme, but analysts at Abuja said international support in the first year of the UN programme was well below target.

The executive secretary of the Commission, Mr Adebayo Adedeji, said that conditions in Africa had worsened considerably over the past year. Africa's earings from commodity exports in 1986 had fallen by $19bn compared with their level in 1985, Mr Adedeji said, while the cost of the region's imported manufactures rose by an average of 14 per cent.

Despite continuing debt rescheduling negotiations, the region's debt servicing commitment would total between $12bn to $14bn, he said. If these economic trends continued the level of international financing required for the UN programme could almost double to $90bn, Mr Adedeji warned.

The shortfall of international support for Africa's economic reform programmes was a key issue at the Abuja conference, with African delegates calling for the reduction of interest rates on existing loans together with longer repayment periods, the negotiation of more foreign debt to local equity conversions, and the payment of African debts in local currencies.

Mr Mansour Khalid, the vice-chairman of the UN's World Commission on Environment and Development and former Foreign Minister of Sudan, was sharply critical of the IMF's and World Bank's role in Africa. "The Fund and the bank's reform programmes cannot work without a total renegotiation of economic and political relations between the north and the south," he said. He warned: "There is little evidence to show that the IMF and World Bank intervention in Africa over the past 20 years has proved successful."

Although there was less criticism of the IMF and the World Bank by other delegates than observers had expected, many African delegates expressed support for Zambian President Kenneth Kaunda's decision to break with the IMF and implement an independent reform strategy.

Underlying the conference's deliberations was the pressure on Africa to diversify its export production and trade relations in the face of declining foreign earnings.

Citicorp's S African staff attack divestment

By Jim Jones in Johannesburg

CITICORP'S handling of the R130m (£23.43m) sale of its South African interests to First National Bank (formerly Barclays) has been sharply criticised by the bank's local staff. They say it rides roughshod over commitments in the Sullivan Code, in the US, on American investment in South Africa, and that the terms of the sale are tantamount to indenture of local staff.

Sixty of Citcorp's 185 South African employees have signed a memorandum to express reservations over the handling of the sale and are considering legal action against the bank.

Mr Lionel Grewan, a senior executive of Citibank in Johannesburg, who has for several years been responsible for monitoring the black labour practices of Sullivan Code signatory companies, is particularly concerned that Citicorp did not discuss the sale with its South African staff.

Mr Grewan is also perturbed by Citicorp's undertaking to First National that it will not recruit South African employees for at least fipe years. "The whole thing is greed on their part." They wanted to get out at any cost, even if they had to screw 185 people to do it," he adds, saying that the South African staff have lost the opportunity of international mobility that had attracted them to Citicorp.

First National has said the premium is payment for the skills of Citicorp's local staff and has promised R51m to be shared among employees who remain with the bank for three years.

In Johannesburg, the weekly Financial Mail suggests that Citicorp's withdrawal from South Africa will allow the American parent to resume loans to the South African government and parastatals through what the newspaper calls the "covert conduit" of First National.

AP reports from Harare: A political row erupted in Zimbabwe yesterday with the outlawing of opposition party meetings. Mr Enos Nkala, the Home Affairs Minister, banned all public gatherings by Mr Joshua Nkomo's Zapu after a wave of violence by armed rebels in the Matabeleland province of western Zimbabwe, Zapu's traditional stronghold.

OVERSEAS NEWS

Tanaka faction faces threat of breakaway

BY PETER BRUCE IN TOKYO

ONE of Japan's most powerful political institutions, the Tanaka faction of the ruling Liberal Democratic Party *(LDP), is in danger of splitting* up because of infighting over who its candidate should be to replace Mr Yasuhiro Nakasone *as Prime Minister in October.*

The faction, named for the disgraced former Prime Minister, Mr Kakuei Tanaka, is by far the biggest in the parliamentary party, with 141 of its 446 members and has exerted enormous influence on government since its formation in the early 1970s.

Tanaka faction members are now saying, though, that they expect one of their colleagues, Mr Noboru Takeshita, LDP Secretary-General, to form his own faction before announcing his candidacy as party president (and thus Prime Minister) next month. Mr Takeshita *hinted as much again at the* weekend. He could take more than 100 members of the Tanaka faction with him.

Although the LDP's factions are not ideological and concern themselves chiefly with populating government with their members, the Tanaka faction does represent the rump of Tamany Hall-style politics that dominated government here in the 1970s.

Mr Takeshita, a quintessential party politician with little popular appeal in the country, has been brought to the point of breakaway by the refusal of the faction's chairman, Mr Susumu Nikaido, to withdraw the premature candidacy he declared in May.

Mr Nikaido accuses Mr Takeshita of being too slow on his feet. He has the support of Mr Tanaka, a man partially paralysed by a stroke he suffered while on trial for corruption during the Lockheed bribery scandal 10 years ago.

Mr Takeshita's reckoning, given that he has failed to persuade Mr Nikaido to give up, would be that an intra-factional fight to become its candidate would be messy and damaging to his chances. He plans to campaign as a consensus builder.

If he does go ahead and form his own faction he could

Mr Kakuei Tanaka

draw with him about 30 neutrals *in the Tanaka group — he has* around 95 firm supporters but nearly 120 faction members attended a recent fund-raising dinner for him — leaving Mr Tanaka's old empire withered and dying. Mr Nikaido is thought at the moment to have little chance of becoming Prime Minister.

Mr Takeshita's own chances of becoming party leader even if he forms his own faction would, however, seem to remain highly elastic. A split among the factions might make it more difficult to elect a party president.

Although the Tanaka faction has not nominated a party leader for 13 years, it has served as ballast, through sheer weight of numbers, for the other four, smaller, factions.

Mr Takeshita needs 224 votes to become party leader and as an independent faction leader may have to link up with two or even three other groups.

That means he would have to be even more generous than most Japanese prime ministers in promising political rewards to the people who back him.

Mr Takeshita, 63 and twice Minister of Finance, is likely to wait until after an extraordinary Diet session, starting *on July 8, before making* any final moves. So will his other rivals, the present Finance Minister, Mr Kiichi Miyazawa *and the former Foreign Minister*, Mr Shintaro Abe, who head their own factions.

Opec 'likely to endorse price strategy'

By Patrick Smith in Lagos

THE OPEC ministerial meeting *scheduled to open in Vienna on* June 26 is likely to endorse the continuation of existing price and production strategy which went *into operation on February* 1 this year, Mr Rilwanu Lukman, Opec's chairman and Nigeria's Minister of Petroleum Resources, *said in Lagos.*

"We have an agreement that has worked well for six months and is valid for the rest of the year, so we will seek to build on the gains we have made so far," Mr Lukman said.

Under the terms of the existing agreement, Opec had to maintain a total production ceiling of 15.8m barrels a day for the first two quarters of this year, which would be raised to 16.6m b/d in the third quarter and 18.3m b/d in the fourth.

Mr Lukman said Opec members had generally abided by the terms of the agreement and were producing at their maximum allowed quota. He did not expect non-Opec producers to step up production if Opec agrees to implement a marginally higher production ceiling.

"After all, it is still Opec that is restraining production—many *of our members are still producing* at only 50 per cent of their capacity."

Several Opec members, *including* Nigeria, are likely to press for a revision of the differentials between the official selling prices of Opec crudes.

Nigerian analysts have argued that the market price of $18.92 *for its Bonny Light* oil puts it at a marketing disadvantage in relation to other Opec crudes.

"We are looking for some sort of adjustment in the system of differentials," Mr Lukman said. "Bonny Light *is* a marker crude and some of the factors relating to it have changed since the current agreement was formulated."

While acknowledging that the recent depreciation of the *dollar supported the case for* an increase in Opec's official selling prices, Mr Lukman said the dollar's decline had also *helped sales by making oil* more competitively priced in relation to other fuels.

Hugh Carnegy looks at policy shifts after the Hyster collapse and Goodman ballyhoo

Ireland rides the industrial roller-coaster

IN THE space of a week this month, Ireland's Industrial Development Authority rode a roller-coaster from the gloom of *seeing the collapse of a prestige* foreign investment to the heady optimism of a huge home-grown project to transform the country's meat industry.

Along the bumpy way, it was possible to see some pointers to a shift in industrial policy which the Fianna Fail Government of Mr Charles Haughey, the Prime Minister, would like to bring about.

That shift does not entail the abandonment of the IDA's quest for inward investment—a quest which despite some pain*ful failures has over the years* made a hugh contribution to manufacturing industry in Ireland.

But it does mean, in the words of Mr Albert Reynolds, the Minister for Industry and Commerce, laying more *emphasis on developing* indigenous industry based on value-added use of natural resources, not least because foreign companies continue to source about three-quarters of their raw materials outside Ireland.

Hence the Government's enthusiasm for the I£260m scheme announced by Goodman International, a highly successful private, Irish meat processing and exporting company, to upgrade dramatically its processing capability.

It could not have fitted Fianna Fail's bill better; heavy investment in an export-oriented local industry by a local company *using* best-available technology and creating 1,100 new jobs. A weighty political heave was applied and the IDA agreed *to contribute a cool I£30m to* the project.

The ballyhoo surrounding the Goodman deal was in sharp contrast to the collapse *the* previous week. With the loss of more than 220 jobs, of the Dublin plant operated by Hyster *Corporation, the US lift truck* maker.

Launched amid its own ballyhoo five years ago, ironically by Mr Reynolds *in a previous* Fianna Fail Government, the Hyster project was considered at the time to be a flagship of *the type of strategic foreign* investment Ireland needed to attract.

What made it so significant, *enticing the IDA to back it with* I£15m in grants and I£6m more in buildings, was Hyster's plan to design, develop, manufacture and market a new generation of automated handling devices in Ireland. It was much more than a straight assembly operation and supposedly involved a deep commitment to the host economy.

Mr Reynolds, who has opened discussions with the IDA on its overall policy, does not think that the underlying IDA strategy of going for quality inward investment involving product development as well as manufacturing is wrong. "The strategy should not be thrown out of the window because Hyster collapsed," he says.

He accepts also that such investments always carry the risk that the product involved will fail. What he wants to avoid — as does the IDA — is what he calls "A Dutch auction" with other development Agencies bidding against each other *for* a project and forcing up the price. "We may lose projects, but we have to be very selective," he says.

Mr Charles Haughey

Mr Arthur Reynolds

The IDA has been in the business long enough to know the risks well enough. It has recently introduced much tigher conditions attached to its grants which it says means that the type of deal done with Hyster could not be done now.

All contracts have to be guaranteed by parent companies ensuring stricter en*forcement of clawback clauses* in the event of collapse, and grant payments are now conditional on performance targets being met.

The authority is also in agreement with Mr Reynolds in putting heavy emphasis on aiding existing companies to deepen their operations in Ireland, rather than just going after new companies. This has *been done with a range of* names such as Analog Devices, Krupps, and the computer companies DEC, Wang and Apple.

As far as stimulating domestic industry is concerned, IDA officials say the difficulty often is finding sufficient sound businesses to put money into. At present it spends about I£80m a year on foreign projects, *I£35m on indigenous industry* and I£25m *on small Irish business.*

One of the problems is the need for Irish companies to establish export *markets* at a relatively early stage of their development because of the limited size of the home mar*ket. Businessmen also com*plain of the confusing variety of sometimes overlapping state agencies bidding to help them, *ranging from the IDA and* other local development boards, through the export board to several training organ*isations.*

Mr Reynolds intends streamlining these with particular emphasis on correcting what he says are weaknesses in marketing. In one move to stimulate export marketing, legislation has been tabled to extend the *10 per cent corporation tax con*cession for manufacturing industry to export trading houses.

Whatever changes come about, *however, heavy state aid* for industry will continue to be available. This has prompted the Dublin Stock Exchange to *say that the level of state suc*cour weakens the incentive of companies to look to the under-supplied local market to raise funds, thus saving the taxpayer.

Goodman is a case in point. Asked if he considered raising the money required for his project through the stock market, Mr Larry Goodman, the owner of the company, flanked by the Prime Minister and the chief executive of the IDA, replied that there was no need because the money was readily avail*able elsewhere.*

SHIPPING REPORT

Iraq warning hits tanker hopes

BY HAZEL DUFFY

IRAQ'S warning to Iran over the weekend that destructive raids on Iranian oil and economic installations were to be expected and reports that a tanker, possibly berthed at Kharg Island, was hit in the attack on Saturday, will once again dominate activity in the area, and among the marine underwriters for Gulf war risk.

The news came after publica*tion of its May report by ship*ping brokers Galbraith's which described the tanker market last month as "the best and *most* progressive *chartering* month so far this year."

Demand, particularly buoyant out of Iranian ports, created a surge in freight rates, with Arabian Gulf to the Red Sea gradually climbing into the middle Worldscale 40s for for 250-000-tonne tankers, and 300,000-tonne tankers obtaining rates very close.

Rates for clean vessels in the Gulf went to Worldscale 130 for Japan discharge. Rates were also affected by Japanese seamen being unwilling to go north of Iran's Al-Farisiyah Island so that owners willing to load from Kuwait automatically expect a premium rate.

The report concluded that rates should increase during the summer months. It was up to owners at least to maintain present levels. The market's reaction to the anticipated 16 per cent increase in Worldscale rates from July 1 is awaited with interest.

For dry cargo space, weaker summer markets have seen rates fall. Brokers Denholm Coates report levels particularly affected on the Atlantic.

Activity from the Soviet Union is reported as minimal, but forward sales of grain imply that business will be coming from this part of the world.

World Economic Indicators

UNEMPLOYMENT

		May 87	Apr. 87	Mar. 87	May 86
UK	000s	2,986.5	3,107.1	3,143.4	3,270.9
	%	10.8	11.2	11.3	11.8
US	000s	7,546.0	7,500.0	7,854.0	8,422.0
	%	6.3	6.3	6.6	7.2
		April 87	Mar. 87	Feb. 87	Apr. 86
W. Germany	000s	2,215.9	2,412.4	2,487.8	2,230.1
	%	8.1	8.8	9.1	8.1
France	000s	2,592.7	2,679.1	2,698.7	2,426.9
	%	11.1	11.5	11.6	10.3
Italy	000s	3,353.0	3,348.1	3,403.6	3,190.4
	%	14.6	14.6	14.8	13.9
Netherlands	000s	667.6	692.2	708.7	697.9
	%	11.6	12.1	12.4	12.2
Belgium	000s	482.2	495.2	508.4	490.6
	%	11.7	12.0	12.4	11.9
Japan	000s	2,035.0	1,940.0	1,860.0	1,820.0
	%	3.0	2.86	2.93	2.86

Source (except US, UK, Japan): Eurostat

Contracts and Tenders

Post and Telecommunication Corporation of Papua New Guinea

Consultancy for a Network Development Plan and Management Review

The Post and Telecommunication Corporation (PTC) of Papua New Guinea invites telecommunication and management consultants to lodge expressions of interest for the above combined consultancy.

PTC is a 100% state-owned corporation responsible for the provision of telecommunication services utilising a submarine cable, earth station and microwave bearers to over 50 telephone exchanges. Postal services are provided through a network of official and unofficial post offices.

For tender prequalification, interested consultants are invited to state their background, experience and manpower to undertake the following:

TELECOM DEVELOPMENT PLANNING
- Demand studies
- Tariff review
- Network planning
- Financial and economic appraisal

MANAGEMENT REVIEW
- Management and organisation reviews
- Human resources management systems

Expressions of interest should be received by telex, facsimile or letter at the following address no later than June 30, 1987.

The Secretary, Post and Telecommunication Corporation, P.O. Box 1349, Boroko, Papua New Guinea. Telex: NE22372 Facsimile: 21 7185.

KENANA SUGAR COMPANY LIMITED

PREQUALIFICATION FOR PORT SUDAN SUGAR WAREHOUSE

Kenana Sugar Company Limited operates one of the largest sugar estates at Sufeiya, near Rabak, 250 km south of capital Khartoum, and about 1,200 km from the sea port Port Sudan.

Kenana wishes to ascertain whether you would be interested in tendering for the above project. Tenders will be invited from a list of selected contractors. The project is to be financed by the Saudi Fund for Development and the list of prequalified contractors is subject to their approval. The eventual form of contract and payment conditions will also reflect their normal requirements.

The project will consist of the construction, in Port Sudan, of a sugar warehouse of approximately 12,000 square metres in floor area. The warehouse will be of steel portal frames, 6m to eaves, either 40m clearspan or two 20m spans, clad in single-skin, colour-coated trapezoidal profile, steel sheeting. There will also be approximately 500m² of offices and ancillary buildings and 250m² of workshops and stores.

Interested tenderers are requested to forward as soon as possible the prequalification documents, including a brief report on major construction works recently executed by them along with last annual financial report, to Kenana Sugar Company Limited, P.B. No. 2632, Khartoum, Democratic Republic of the Sudan, clearly marked for the attention of Mr. Abdullahi Abu El Gasim, so as to reach him not later than 25th July, 1987.

The information given above is tentative and will form no part of any eventual contract.

Company Notice

TAISHO MARINE AND FIRE INSURANCE COMPANY LTD.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS TO BEARER (EDRs)

In accordance with Clause 16 of the Deposit Agreement dated 17th September 1967, Hambros Bank Limited hereby gives notice of the convocation of the 70th ORDINARY GENERAL MEETING OF SHAREHOLDERS of Taisho Marine and Fire Insurance Company Limited.

The particulars are as follows:

1. Date and time: 10.00 a.m. on 26th June 1987 (Friday).
2. Place: In the Conference Room on the first floor of the Head Office of the Company located at 9, Kandasurugadai 3-Chome, Chiyoda-Ku, Tokyo.
3. Purposes of the meeting:
   Matters to be reported—
   Business Report, Balance Sheet and Profit and Loss Account for the 70th business year (from 1st April 1986 to 31st March 1987).
   Matters to be resolved—
   First Item:
   Approval of proposal for profit appropriation for the 70th business year.
   Second Item:
   Election of three (3) Directors to fill vacancies.
   Third Item:
   Election of three (3) Statutory Auditors due to expiration of the terms of office.
   Fourth Item:
   Presentation of retirement grants to retiring Directors and Statutory Auditors for their services.
   Fifth Item:
   Partial amendment to the articles of incorporation. A clause "General meeting of Shareholders may resolve upon execution of important business of the Company" shall be inserted in the articles of incorporation.

HAMBROS BANK LIMITED

41 Bishopsgate,
London EC2P 2AA.
22nd June 1987.

Personal

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*"Net" really means net, as this country has no income tax, no corporate tax, no VAT, but Banking a la Suisse

Principals please contact owner himself immediately by phone:

DENMARK +45.1.226363 OR TELEX: DENMARK 3630a HASDAN DK

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Art Galleries

MEDICI GALLERIES, 7, Grafton St., Bond St., W1. 01-629 5675. Exhibition of Miniatures by 18 contemporary artists. 15 June-8 July. Mon.-Fri. 9-5.30.

UK NEWS

Europe aims at high-flying future

By Michael Donne, Aerospace Correspondent

SEVERAL Western European governments, including some outside as well as inside the EC, have signed two international pacts designed to liberalise some elements of European air transport, including the provision of cheaper fares and making it easier for airlines to increase their market shares.

In effect, however, these pacts, which have been under discussion for some time by the 22 countries represented in the European Civil Aviation Conference (a body of governmental air transport representatives), have already been overtaken by events.

Many fares are already cheaper than those envisaged under the ECAC pacts while the new arrangements for market shares have also already been achieved in many countries.

The discussions involved all 22 members of the ECAC – Austria, Belgium, Cyprus, Denmark, Finland, France, West Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, UK and Yugoslavia. However, only some of these have signed each agreement and there are some significant abstainers.

For example, the two leaders in the European air transport liberalisation campaign – the UK and the Netherlands – have so far signed neither pact, having already declared their belief that the provisions involved do not match the kind of liberalisation they have already achieved through their own bilateral efforts or are still trying to achieve.

On the other hand, some noted "hardliners" against more extensive liberalisation on the UK-Dutch pattern, such as the Scandinavian countries, Italy, France and Greece, have signed both the ECAC agreements.

One of the new pacts establishes, for an experimental period of two years, the concept of "fares zones" on intra-European air routes, covering discount fares ranging from 65 per cent to 85 per cent of normal economy rates, and discount rates ranging from 45 to 65 per cent of normal economy rates.

Ericsson expects big rise in BT exchange orders

BY DAVID THOMAS

ERICSSON, the Swedish telecommunications company, is planning for a large increase in orders for its digitial telephone exchange from British Telecom.

The company supplies BT with its exchange, known as System Y, which it makes jointly in the UK with Thorn EMI, the UK electronics group.

Thorn-Ericsson is completing the expansion of its factory in Scunthorpe, which will give it annual capacity of 750,000 lines a year.

However, Mr Jan Stenberg, Ericsson's vice-president for public telecommunications, said in Stockholm that Ericsson was planning for orders of 1m lines from BT for next year.

This figure is much higher than any previous one mentioned publicly by Ericsson and would mean Thorn-Ericsson winning a substantial share of BT orders, since BT is planning to order 2.3m–3m lines next year.

Thorn-Ericsson has said up to now that it is hoping for 20 per cent of BT orders in the short term.

Ericsson might also have to import exchanges if it achieved its target, since Mr Stenberg said Ericsson would not necessarily want to expand the Scunthorpe plant beyond 750,000 lines. This would almost certainly cause a row about imports of telephone exchanges on that scale.

It would also cause problems for the General Electric Company and Plessey, the two UK electronics companies which make System X, the rival exchange. They have been delivering about 1m lines a year each to BT.

However, there is considerable scepticism among industry observers as to whether Ericsson is likely to reach its 1m line target. BT stressed it orders exchanges by competitive tender, and it gives no guarantees to any supplier about the level of orders they might receive.

Ethnic businesses seen as too cautious

BY CHARLES BATCHELOR

A GROWING number of Britain's Asian and Afro-Caribbean businessmen have built up sizable businesses though few seem ready to move out of their own niche markets in the ethnic community into the mainstream market, according to a new report*.

Many ethnic minority businessmen have adopted a cautious approach to expanding their companies – growing slowly and borrowing only from family members and partners – but this caution is now hindering further growth, the report says.

It looks at 25 businesses – 19 run by people of Asian origin and six Afro-Caribbeans in what is claimed to be the first study of established minority businesses. Fifteen of the companies had turnover of more than £1m a year while half of these had annual sales of more than £5m.

In the early stages of these businesses, their owners' knowledge of their customers' preferences and buying behaviour was an advantage in the ethnic markets they served, but as the companies grew, the ethnic factor emerged as a disadvantage.

None of the companies had clearly developed plans to expand into the broader market place and the marketing, financial and organisational obstacles they faced in trying to do so were immense, the report said.

They would face tougher competition from much larger companies.

The business owners should have been devoting more time to marketing strategy, but, in practice, most firms relied on their current activities, often making unsystematic, unplanned excursions in new markets when time allowed.

In this respect though, ethnic businesses were similar to small, owner-managed firms in the wider economy, according to the report.

Asian firms relied on family members for financial support, but this was usually restricted to immediate family members rather than the wider family network as is commonly supposed, the report said. Afro-Caribbeans did not have this family network but relied more on business partners for finance.

The public sector played almost no role as a source of finance, and many firms had not heard of any of the government programmes such as the Business Expansion Scheme or the Loan Guarantee Scheme.

Asian firms differed from Afro-Caribbeans in that they were more likely to take on professional managers – in all cases white Britons with experience of the industry – though Afro-Caribbean businessmen were more likely to take professional advice from outside their own community.

* *Growth Strategies in Minority Enterprise, Peter Wilson. Small Business Research Trust (105 pages, £15.55 inc p and p).*

Post Office service criticised

By David Thomas

THE POST Office Users National Council, the statutory body representing users of the British postal service, attacks the Post Office's quality of service record in its annual report published today.

The Post Office has launched a series of initiatives to improve its service. It is spending £18m on these this year.

However, Mr Tom Corrigan, users' council chairman, reviewing the year to the end of March 1987, said: "Despite a number of welcome initiatives the Post Office target for first class mail of 90 per cent of letters delivered by next working day following posting is not being achieved."

The report shows that the best quarterly performance in 1986–87 was July-September 1986, when 89.5 per cent of first class letters reached their destination the next day.

The worst was in January–March 1987 when the figure was 86.9 per cent.

The council adds that its own surveys show postal customers are receiving a poorer service than appears from the Post Office's published figures.

UK NEWS

Talks to open soon on water privatisations

BY RICHARD EVANS

NEGOTIATIONS on the method of privatising the 10 water authorities in England and Wales are to start shortly between the Government and the water industry.

A consultation document will be published in late summer or early autumn, but because of the work that remains to be done there will be no substantive privatisation legislation before the 1988–89 parliamentary session. So water authorities are unlikely to be privatised before late 1989 or early 1990.

However, a short preparatory bill *will be foreshadowed in the Queen's* Speech on Thursday. This will have two functions: to clarify the legal position on the the water authorities' privatisation following claims by trade unions last year that the Government had no right to sell them off; and to prepare the ground for the metering of water supplies.

Metering and privatisation are not directly linked, but they do have a very relevant indirect connection. Water charges are based on rateable values, but the present system of domestic rates (local property taxes) is to be replaced by a community charge or poll tax in a bill in the forthcoming session.

A new system of assessing water charges is therefore needed. The leading contender is metering although legislation is needed to provide powers for large-scale metering tests in different parts of the country.

Most water authority chairmen favour metering, which is already used in industry and is available if requested – and paid for – by private consumers. But there are wide divergencies of views on the Government's general proposals for privatisation.

Following the sudden withdrawal of the Government's privatisation plans last year by Mr Nicholas Ridley, Environment Secretary, a new scheme was floated, without consultation, last month.

This proposed setting up a new National Rivers Authority to be responsible for all regulatory function, including water conservations and resource planning, pollution control, fisheries, land drainage, flood protection and navigation.

Some industry leaders, including Mr Roy Watts, chairman of Thames Water, by far the largest and potentially the most profitable of the authorities, are worried that the proposals will affect adversely the principle of integrated river basin management.

However others, including Mr Gordon Jones, chairman of the Water Authorities Association and of Yorkshire Water, and Mr John Bellak, chairman of Severn Trent, believe the proposals could form the basis for a satisfactory privatisation formula.

A key decision – whether to float the authorities off singly, in batches, or all together – will probably not be taken for months.

The most likely outcome, given the wide range of problems and saleability, is that the authorities will be sold off in groups, with the more profitable linked to those with the greatest problems.

The fear is that, if they were to be sold off singly, Thames and three or four others would be floated without problems, leaving the remainder in no-man's land between the public and private sectors.

Mr Jones has argued in favour of all 10 being floated off at once. "The City of London has become an even larger financial market, and there are companies now operating in it that have enormous financial resources which, if full use were made of them, would allow all 10 authorities to be privatised more or less simultaneously in one big bang.

"And why not? If the Government is anxious to get us into the private sector and to maximise its own receipts in so doing, I believe it is better to do so in this sort of way rather than through a cautious sale of one or two at a time, which could well lead to investor boredom after the first few."

British families foot bill of £11.50 a week, reports **David Blackwell**

High cost of farm subsidies

THE AVERAGE British family pays out £11.50 a week to finance the European Community farm subsidies, according to a report from the Adam Smith Institute.

The huge surpluses produced by the Common Agricultural Policy cost the average Briton 84p a week just to store, the institute says in the pamphlet, which is entitled Growing Insanity. Consumers have to pay high prices for products such as beef, which costs twice as much in the UK as it does on the world market.

The authors – university lecturers Mr Nigel Allington and Mr Nicholas O'Shaughnessy – say that, although the CAP was designed to benefit farmers, it is only the larger farmers who gain.

They criticise the Ministry of Agriculture for its "hand-in-glove existence" with farmers which "long ago undermined its claim to be an independent department of state." They propose its abolition and merger with the Department of the Environment.

The report also points out that the CAP impoverishes Third World countries by keeping their goods out of the European market and keeping them from selling their produce on world markets. While European farmers have been getting 18 US cents a pound for sugar, it has been sold at 5 cents a pound internationally with disastrous consequences to Third World sugar producers.

Trade liberalisation would help both Europe and the Third World, suggests the report, with an ensuing gain in total wealth.

Unless reforms are made to the CAP, "history will pass an accusing verdict – we poured dinners into dustbins as the beggars sat at our gate."

ITN sells news to Japanese

BY RAYMOND SNODDY

INDEPENDENT Television News has sold its World News television programme to NHK, the Japanese broadcaster.

World News, presented by John Suchet, is already available to around 8m cable television homes in Europe through Super Channel, the British satellite channel owned by 14 ITV companies and Mr Richard Branson's Virgin Group. The World News from London will be carried twice a day on a Japanese direct broadcasting by satellite channel from July 4.

ITN is also talking to the SBS channel in Australia, Cable Network in the US and broadcasters in the Caribbean about taking World News live by satellite. There is also the possibility that the daily half-hour bulletin, which has been highly praised for its news with an international perspective, will also soon be shown in Britain.

A midnight slot on Channel Four is one option. Individual ITV companies such as Thames, Central and Yorkshire, who now broadcast late into the night, are also believed to be interested.

The BBC has been seeking funds from the Foreign and Commonwealth Office to launch a television version of the BBC World Service on radio but has yet to receive an answer.

ITN has argued that the contract for such a service should be put out to tender. Mr Bob Hunter, editor of ITN's World News, said yesterday: "The BBC is talking about it. We are actually doing it."

Newspaper jobs deal

ONLY 70 of the present 180 jobs at the News on Sunday, which went into receivership last week, will be saved as the result of a rescue plan put together by Mr Owen Oyston, the Lancashire businessman, Raymond Snoddy writes.

The aim is to produce the national left-of-centre newspaper with only 25 staff journalists.

Agreement on the job cuts has been reached with the three unions involved at general secretary level. It ensured production of a 36-page emergency edition without its normal colour section.

Bank lending and higher pay hit inflation policy

BY RALPH ATKINS

HIGH PAY settlements and increased bank lending could undermine the Government's inflation policy, City of London economists warned in reports published at the weekend.

The warnings follow figures released last week showing a rise in the rate of average earnings growth and a continuing surge in bank lending.

This, the economists say, could frustrate the Government's election manifesto commitment to strive for zero inflation.

Warburg Securities concludes that inflation will not fall sharply unless pay settlements are reduced but says there are no signs of this happening.

In addition, it says the trend productivity growth rate is not fast enough to prevent unit wage costs rising and predicts inflation will average 4.2 per cent in 1987 and rise to 4.5 per cent in 1988.

A report from Messel says the central failure in the government's economic management has been to allow a major credit boom to develop.

It says the growth of bank lending, after adjustment for inflation, was higher last year than at the peak of the Barber boom in the early 1970s. Mortgage lending, also after adjustment for inflation, was more than twice as high in 1986 as in 1972.

"It is astonishing that this should have occurred under a Conservative Government which at one time professed itself to be 'monetarist' and pledged that monetary policy would never become inflationary again," the report says.

Its findings contrast with a speech made by Mr Nigel Lawson, the Chancellor of the Exchequer, at the annual dinner of the Finance Houses Association last week in which he dismissed the suggestion that the recent surge in consumer spending could be inflationary.

A third report, from Panmure Gordon, predicts an inflation rate of 3.9 per cent by the fourth quarter of 1987 – but it says it could be higher if there is no reduction in the mortgage rate. Inflation is forecast to rise to 5.2 per cent by the middle of 1988.

AFTER A SLOW START, SUCCESS ALL THE WAY FOR BUS COMPANY

Easy ride to private ownership

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

THERE ARE a lot of smiles to be seen these days on the faces of managers at the National Bus Company's headquarters above Victoria Coach Station in London and the broadest of all is sported by Mr Rodney Lund, the man brought in to oversee the break up and sale of the company to the private sector.

The reason for all the good humour is simple – after a slow start, and months of criticism from analysts and journalists, everything is suddenly coming up roses.

Mr Lund was appointed in April last year with a mandate to split NBC into manageable units to be sold to the private sector before a deadline of January 1989.

He took over a company in something of a crisis, with its managers unsure of their future and morale badly dented by the departure of the previous chairman, Mr Robert Brooks, who lost a battle with Whitehall over the form of privatisation.

The sale of NBC was, and is, something of a personal crusade for Mr Nicholas Ridley, the former Transport Secretary, now at Environment. It was Mr Ridley who pushed through a sceptical Parliament the 1985 Transport Act, which provided for both the sale of NBC and the abolition of most restrictions on bus operations outside London.

What made MPs sceptical, even

Rodney Lund: sticking to his pledge.

on the government side of the House, was Mr Ridley's insistence on putting ideology before profit. Instead of sanctioning the transformation of a public monopoly into a private one, in the style of British Gas and British Telecom, he sought to ensure an increase in competition in the deregulated industry by selling NBC's operating companies separately.

The effect, it was widely predicted, would be to make some of the companies unsaleable, and to reduce the receipts that could be expected from the others. The consensus among analysts was that a company worth as much as £250m in one piece would be unlikely to raise more than £100m after the break-up.

Secretaries of state come and go, and the latest, Mr Paul Channon, has not found time, in the brief days since his appointment after the election, for a close look at what is happening at NBC.

When he does, however, there is little doubt that he will be as pleased with the progress now being made as his predecessor, Mr John Moore, was before his promotion to head the Health and Social Services Department.

Mr Lund has so far succeeded in selling 35 of the 73 companies into which NBC was finally reorganised, and there are a further 15 awaiting approval from Mr Channon.

This means that around 50 subsidiaries are likely to have been sold by mid-August, the anniversary of the sale to its management of Devon General, the first of the operating companies to be sold. Furthermore, Mr Lund is sticking to his pledge, made at the end of last year, that all the companies will be disposed of by January 1988 – 12 months ahead of the statutory deadline.

Pleased as he is with the progress being made now, Mr Lund makes no attempt to deny that the campaign got off to a slow start. He blames this on the complexity of splitting up group responsibilities for pensions, bus leases, overheads and so on; together with the initial reluctance of outside bidders to come forward.

"A lot of people outside the industry were holding back, thinking that we might end up paying them to take the companies off our hands. But, in fact, we created a market by getting the first companies away, and as time has gone on we are generating much more interest from outside," he says.

NBC refuses to discuss the sale prices of individual companies, in order not to prejudice negotiations on future sales, and an interim report on receipts promised by Mr Moore has not yet materialised.

Informed opinion, however, is that the first few buyers of operating companies, all of which were management consortia, got a very good deal at a time when NBC was desperate to get some sales under its belt.

All the indications now are that the prices being paid for companies coming later to the market are at least 50 per cent higher than the level of earlier disposals.

Mr Philip Williams, a director of Hill Samuel and Co, which has had a hand in financing a number of bidders, says there has been substantial price escalations as the NBC team have developed a feel for the market, and an ability to get an auction going.

Kent site for coal-fired power station

BY MAURICE SAMUELSON

THE CENTRAL Electricity Generating Board is proceeding with plans for a third new coal-fired power station in addition to the two for which it is expected to seek planning permission at the end of this year at Fawley, Southampton, and West Burton, Nottinghamshire.

It will be at Kingsnorth, on the Medway river in south-east England and, like the proposed coastal plant at Fawley, is designed to meet growing electricity demand in southern England. Like Fawley, too, it will also be able to negotiate for imported coal if the board is not satisfied with British prices.

The CEGB is to embark on a mixed series of about 10 coal and nuclear power stations by the end of the century. Kingsnorth, the site of an existing power station, has the advantage of being on a neck of land owned by the CEGB, and planning permission would not be difficult to obtain.

Other possible sites for new coal burning power stations include Hams Hall, in the Midlands, and Killingholme, on the east coast.

At Hams Hall, an existing power station would be withdrawn from service and largely reconstructed once the new Fawley plant came on stream.

The CEGB's ambitions at Kingsnorth were confirmed by a report in last week's New Civil Engineer magazine that a consulting engineer is to conduct a transportation study for a new 1,800 MW coal-fired power station.

The study, by Mott Halorow Gibb, will examine the movement of workers and materials to the site, which at peak will employ a workforce of 2,000.

● The prospect of Northern Ireland having the UK's first private power station is now receding as a result of the Government's declared intention to privatise the industry as a whole under its national manifesto commitments.

Before the election, the publicly owned Northern Ireland Electricity service (NIE) had expressed growing concern over the Government's apparent interest in inviting a private consortium to build and operate a large power station fuelled by one of the province's major untapped reserves of lignite, or brown coal. The 450 MW plant, to be built alongside the new lignite mine, would have cost about £500m

Bowater hopes for flotation next year

By Tony Jackson

BOWATER UK Paper, the subject of a £38m management buyout from Bowater Industries last September, is ahead of schedule in coming to the stock market.

Mr Tom Wilding, chairman of Bowater UK Paper, said he was now contemplating a flotation early next year.

The UK's biggest paper maker with 500,000 tonnes of capacity, Bowater UK Paper made pre-tax profits of £2.8m on sales £74m between the buyout date of September 10 and the year end, Mr Wilding said. Last month, profits after interest payments were £1.25m.

The faster than expected progress was partly the result of good market conditions, Mr Wilding said, but the most important reason was a £80m capital expenditure programme completed on the company by its parent Bowater Industries at the time of the buyout.

Mr Wilding said of the proposed flotation "we would like to push the company forward, and it's a big advantage to have a public share quote."

Contracts and Tenders

THE PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN
THE PUBLIC CORPORATION FOR ELECTRIC POWER
TRAINING CENTRE EBUIPMENTS

The Public Corporation for Electric Power has received a loan from the International Development Association (IDA) of the world bank for the development of a training crash programme.

It is intended that a part of this loan will be applied for the purchase of technical and pedagogical equipments in order to support this programme.

The Public Corporation for Electric Power now invites sealed bids from eligible bidders for the supply of the following items:

1. Mechanical measurements apparatus.
2. Electrical measurements apparatus.
3. Mechanical Tooling.
4. Electrical Tooling.
5. Specialised workshop furnitures.
6. Electrical Machines and handling.
7. Diesel generation.
8. Laboratories equipment.
9. Underground cables joinding, crimping and distribution devices.
10. Special Teaching Aids.

A complete set of tender documents may be purchased on submission of a written application from either of the above addresses on payment of US$50 (fifty).

PUBLIC CORPORATION FOR ELECTRIC POWER
People's Democratic Republic of Yemen
Hedjuff — Aden.
EDF INTERNATIONAL
68 Rue du Fauborg Saint Honore
75008 Paris.
Telex: 613333 EDFNET

Interested eligible bidders may obtain further information from and inspect the bidding documents at the office of:
EDF INTERNATIONAL
68 Rue du Fauborg Saint Honore
75008 Paris
Telex Nr 613333F.

Bids can concern one or several complete items and are to be accompanied by supported statement of previous experience in supply of equipment. The firm's turnover in last five years. The after-sales service facilities and a copy of latest published accounts plus any other documents of relevance to show competence.

All bids are to be accompanied by bid bond confirmed by the National Bank of Yemen amounting to 5% of value of bid. Bidders are to acquaint themselves with and abide by P.D.R. Yemen laws and rules and regulations.

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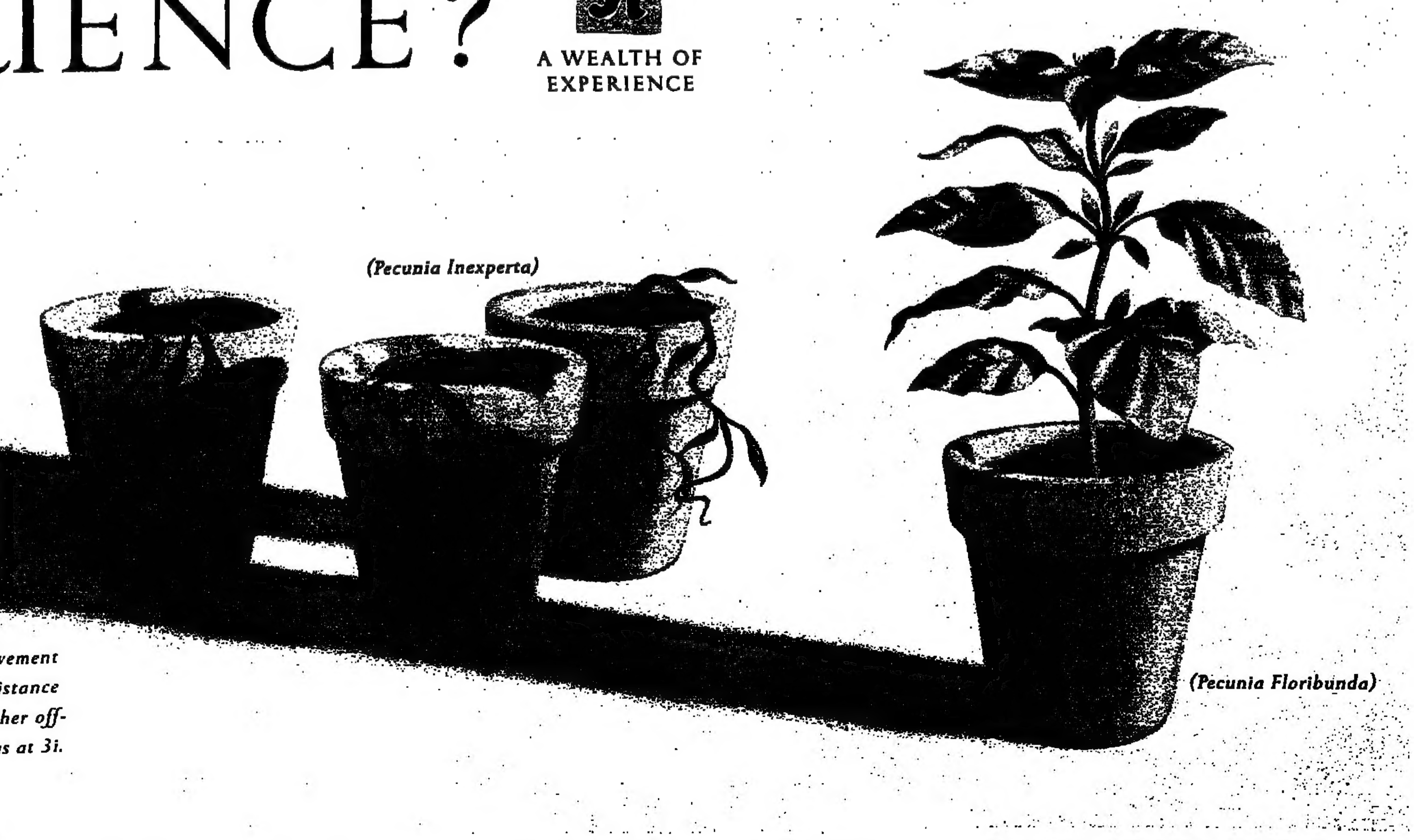


INVESTORS IN INDUSTRY PLC, 91 WATERLOO ROAD, LONDON SE1 8XP. TEL: 01 928 7822. FRANKFURT AM MAIN. TEL: 6974 0835. PARIS. TEL: 4722 5540. BOSTON, MA. TEL: 617 542 8560. NEWPORT BEACH, CA. TEL: 714 720 1421.

MANAGEMENT

West German chemical industry

Why No 4 takes an alternative route

Andrew Fisher reports on the family-owned Henkel group

WHEN HENKEL is called West Germany's fourth largest chemical concern, it tends to get a little edgy. It does not like to be thought of as an also-ran after giants like Bayer, BASF, and Hoechst.

The true difference, however, lies not just in size but in product range and, most particularly, in the very character of the Dusseldorf-based operation. For Henkel is a family company, the largest in a country where family companies play a significant corporate role.

This character has been reflected in a restructuring programme over the past few years which has sought to focus the company more clearly on mainline and profitable activities. Peripheral and loss-making operations have been sold off, while core businesses have been expanded by acquisitions and strategic alliances with other companies.

The company has tried to hold on to what are normally seen as family virtues as it has proceeded with its programme in increasingly tough world markets. Though managed by non-family members, the activities of Henkel are pervaded by notions like partnership, financial restraint and far-sightedness, and a softly, softly approach to expansion.

True, not all families are like this, and not all family companies do well. But Henkel has held to its traditions as it has allowed in outside shareholders, kept profits growing steadily, and increased its global marketing and production links.

As a quoted company (though the family has held on to the votes), Henkel has to be as alert as its rivals. "We must be competitive in the market place," says Helmut Sihler, 57, the Austrian-born chairman.

Henkel has kept away from the sectors in which the big three chemical groups are strong, like pharmaceuticals, fertilisers, agrochemicals, energy, and bulk products.

Instead, it has concentrated on specialist products in well-defined market sectors. It has reinforced its position in key areas like detergents, adhesives, and metal surface treatments, and moved beyond its northern European stronghold into the Mediterranean, the US, and Asia.

In trying to balance the interests of shareholders and the demands of the market, it has eschewed high debt to finance acquisitions and mostly used cash flow to promote growth. "Our financial position is very sound, so we don't have to change the nature of our balance sheet in order to grow," says Sihler.

Last year net profit rose by 28 per cent to DM 226m (£124m), helped by lower raw material prices, and a further rise to around DM 270m is on the cards for 1987. The 1986 increase was on the back of sales down by 5.5 per cent to DM 8.7bn — a third on the domestic market and most of the rest from foreign-based units rather than exports — mainly because of the strong D-mark.

To sharpen its thrust, it has bought businesses from groups like Beecham of the UK in the do-it-yourself sector and taken stakes in others like Loctite of the US, in which it owns 25 per cent, in adhesives. So it is not keen to be known mainly as the company which makes Persil washing powder, at least in those countries where Unilever, the giant Anglo-Dutch group, does not own the name.

How does it see itself, then? Well, says Sihler, a keen astronomer, golfer and skier, "we're no longer just a detergent company, but an international chemical specialist company. We feel more comfortable in that role."

The family exercises its control through a shareholders' committee headed by Konrad Henkel, a grandson of the founder and in charge of the company in the 1960s and 1970s when it built up its foreign activities. Under Sihler, expansion abroad has been continued and refined.

In the last few years, Henkel has sold loss-making or peripheral businesses with total sales worth some DM 400m. These included its unprofitable Belgian detergent operation, the US gluten business (both in the red and outside its main activities), and its South African detergent company, also a loss-maker.

But it has also added some DM 1bn of sales through buying companies in strategic product and market areas. From Occidental Petroleum it purchased Oxy Process Chemicals in the US, with sales of some DM 300m and a strong position in chemicals for the textile, leather, paper, and paint industries. And when Beecham's DIY side (annual sales around DM 200m) went up for sale last year, Henkel moved in, seeing a chance to expand its adhesive and building product activities.

Of the Beecham sale, notes Sihler, "it was an opportunity that offered itself to us — it was right down our alley." From Clorox, the US household cleanser and food concern, in which it is raising its 25 per cent holding to 30 per cent, it bought a Spanish detergents company and added to its French business in this sector.

Henkel has made other piecemeal deals, too. Last year, it acquired Parker Chemical, a specialist in metal surface treatments, from Ford Motor, set up a joint marketing venture in Germany and Japan with Lion Corporation of Tokyo in the fields of hair colouring, oral hygiene, and shoe care, and bought Chemische Fabrik Grunau from Degussa, another West German company, to strengthen its position in food additives. With Hercules of the US, it has formed a joint venture in soluable polymers.

"All in all," says Sihler, "it's quite a sizeable investment programme, though the different pieces may not be that sensational." The new interests fit well with Henkel's present activities, he points out. The company wanted small, well-managed, profitable companies. "Those are more difficult to get than the bargains."

It also saw the need to expand in the US, where it was still small and barely profitable, and in Japan. "We can't have a European myopia."

This burst of new activity has given the group a more competitive stance, says Sihler. "We were a company that was sufficiently diversified, but maybe going in too many directions at the same time."

Just about as large as detergents and household cleansers is Henkel's chemical products division, comprising oleochemicals, and water soluble polymers. These products, used in a host of chemistry-based, manufacturing and consumer industries, make up 30 per cent of group sales. Commercial and industrial cleansers account for 15 per cent, adhesives and technical products for 16 per cent, and cosmetics and toiletries for only 7 per cent.

Henkel aims to expand the latter division to reach over 10 per cent of turnover. "In that area, our acquisition programme is not over yet," says Sihler. "We could buy one company or three or four smaller ones." It is mainly looking for new hair and dental care products.

Sihler reckons the group is now more or less where it should be in terms of products and regions. Now, he adds, "our intention is to be a major player in the markets where we are." As for the future, he is keen that Henkel should improve, whether in production, marketing, or research. But he is not thinking in terms of giant leaps. "We are higher than average, but we are not first class," he says modestly. "We need a lot of small steps to make us a first class company. We mustn't be satisfied with what we have."

Setting its sights high has always been a Henkel characteristic. Fritz Henkel, who founded the company in 1876, believed it was not enough just to sell a product and see it was on store shelves—"it must be sold with enthusiasm."

Helmut Sihler: concentrated on specialist products

How Persil became synonymous with whitewash

IN 1923, when inflation was raging in Germany, a packet of Persil cost well over DM 1,000bn. Ten years earlier, the washing powder had inspired the most famous advertising slogan in Germany "Persil bleibt Persil" (Persil remains Persil).

Today, Persil—also available in an ecologically sound, phosphate-free form—is still Henkel's best-known product, though there are 8,000 others. It is part of the detergent and household cleaning division, accounting for 32 per cent of turnover.

For many years, the history of Persil was virtually the history of Henkel. It was launched 80 years ago as a product designed to take the back- and arm-ache out of washing. No hard rubbing or bleaching was needed and only one wash.

It quickly caught on, though some housewives were sceptical. The company, founded in 1876 by Fritz Henkel in Aachen and soon moved to more central Dusseldorf, found it had a winner on its hands. The contents of the green and white carton represented a significant shift from the brown-packaged bleaching soda first made by Henkel.

***Persil is an artificial name,* using syllables from its main components, perborate (an oxygen salt), silicate, soda, and soap. It could have been called Persidol or Oxil, but it was thought these rolled off the tongue rather less easily.**

Two years after launching Persil, Henkel granted a licence to Crosfield, later taken over by Lever Brothers. Today, the Unilever concern has the right to the Persil name in Britain, the Republic of Ireland, most of the Commonwealth, and France.

***Under the Nazis, Henkel* had to stop making Persil in 1939 and concentrate on basic washing products laid down by the state. After the war, the word gained an extra meaning in Germany, when documents were needed to prove denazification. A Persil-Schein (certificate) meant the notorious Nazi brown-shirt had been washed white.**

Today, a Persil-Schein denotes a clean bill of health for anyone associated with scandal.

Public model for a private venture

BY ALAN PIKE

THE LINK Organisation, explains Dewi Rees, one of its founders, is re-creating the original aims of the Manpower Services Commission in the private sector.

Not many owners of private companies in the UK would reach for enthusiastic comparisons with Government agencies to describe their businesses, even if they knew what the original aims of the Manpower Services Commission were.

But Link has untypical origins. Rees, formerly a marketing director with Whitbread, was seconded to the Department of Employment in the early 1970s. He began his spell in the civil service by working on the remodelling of the public professional and executive recruitment service, and then became one of the pioneers at the newly-formed MSC—it had seven staff in those days. This gave him an involvement in the commission's early job creation and training programmes before becoming its regional director in Manchester.

This was all good experience when Rees decided to return to the private sector in the early 1980s and set up Link, an executive search, recruitment and training organisation. But it was uniquely complemented by the experience of his wife, Elizabeth.

Elizabeth Rees was deputy chief executive of the Distributive Industry Training Board at the time her husband was preparing to leave the civil service, but the board was approaching the end of its days. It was the largest of 16 statutory training boards which the Government wound up in 1983.

Apart from needing a new job for herself, she saw the continuing need for a national training organisation in retailing, and the means of staffing it from DITB personnel looking for other posts.

So the Link Organisation was formed — with Elizabeth Rees running its training operations and her husband the recruitment services.

It has established a nationwide job placement and training structure — hence Dewi Rees's description of Link as a kind of private-sector MSC. And although it cannot rival the MSC's growth from seven to 20,000-plus employees, Link is the largest private training agency on the Youth Training Scheme. The organisation as a whole employs 650 people and, after only four years, has a turnover of £26m.

During Link's relatively short life the Rees's have consistently pursued a policy of diversification throughout the field of human resources services. Executive search, management selection, recruitment advertising, career counselling, occupational health and office services all form part of its activities. Last month it opened branches in Birmingham and Leeds of a new division, Link Financial Recruitment, specialising in the recruitment of accountants and financial advisors.

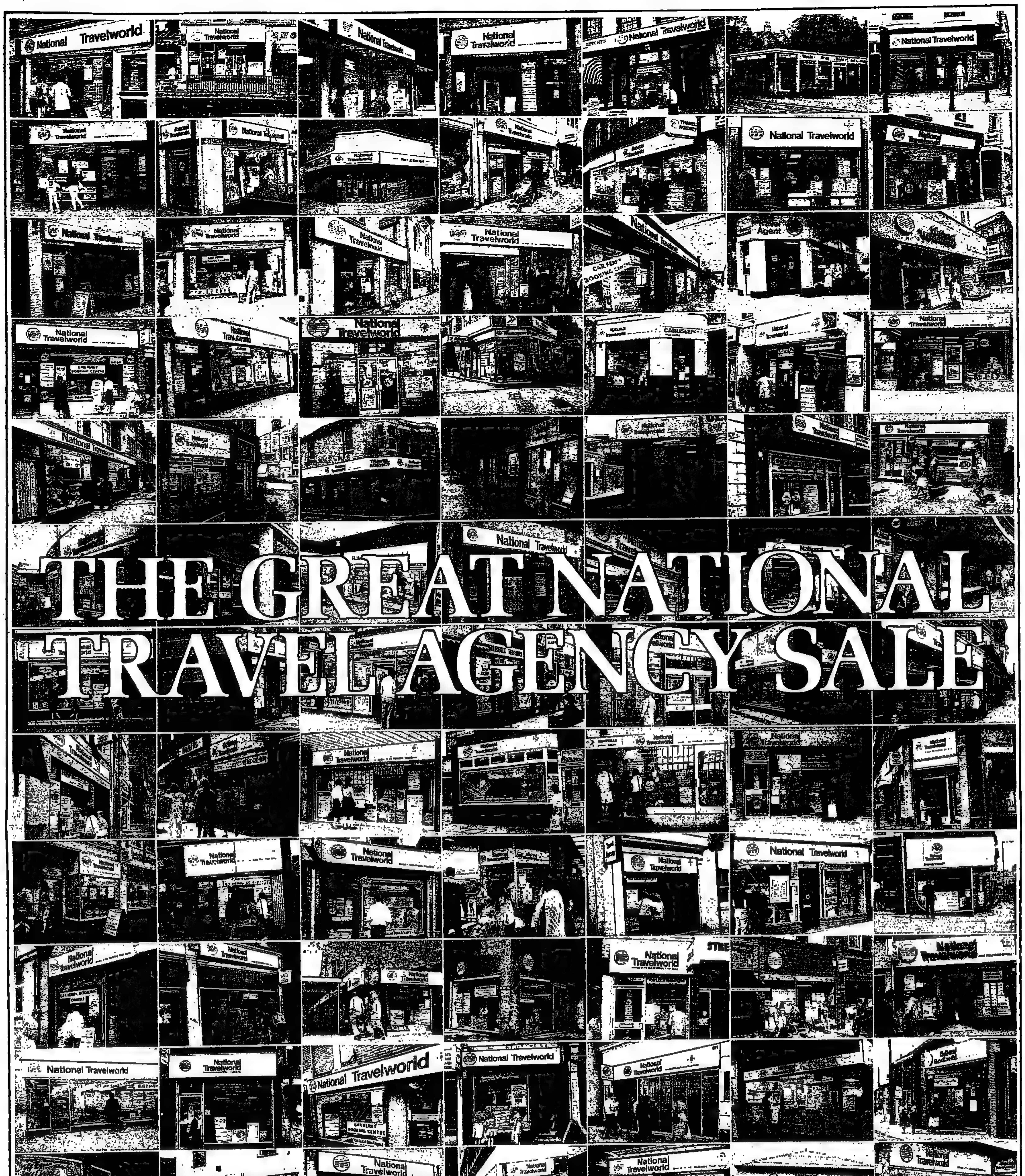
One of the organisation's newest innovations is Linkline, a system under which Link recruitment advertisements in newspapers will be accompanied by freephone telephone numbers through to Link's head office near Liverpool. No selection will be carried out over the telephone, but the system will enable Link to sort out potential applicants' initial queries and refer them to employers much more quickly than by conventional methods.

Link's YTS activities provide training for more than 12,000 young people a year in retailing and other service occupations. Some 43,000 young people have received Link training since Elizabeth Rees took over where the DTIB was forced to leave off.

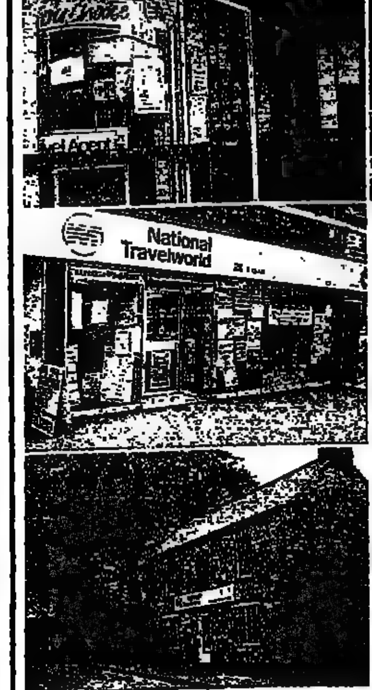
Companies using Link YTS training in retailing include Boots, British Shoe Corporation, Fine Fare, Next and the Burton Group, and Link was this year in the first batch of training agencies to receive Approved Training Organisation status from the MSC.

Dewi Rees believes that the time he spent in the civil service, and his wife's spell at a statutory training board, give them a background for developing Link which would not have come from working in the private sector alone.

"It is not just a question of the particular experience which we picked up. The private sector has taught us that we must identify and meet market needs correctly, while the civil service showed me a lot about establishing powerful administrative and financial controls. All our business meetings, for instance, are timed to meet British Rail's whims and fancies so that we can travel on Saver tickets."



THE GREAT NATIONAL TRAVEL AGENCY SALE



National Travelworld, trading through more than 100 retail travel outlets, is for sale – as part of the privatisation of the National Bus Company.

Created only three years ago, National Travelworld has a chain of nearly 90 owned or leased travel shops and licence arrangements with a number of others – located in major cities and towns throughout England and Wales.

In terms of the number of outlets, the National Travelworld chain has grown to take a place among the leading agency groups in Great Britain. All its shops are registered with the Association of British Travel Agents Limited and 34 of them are additionally licensed by the International Air Transport Association.

As with the sales of other subsidiaries of National Bus Company, bids will be welcomed from interested parties for the sale of National Travelworld as a single entity.

Further information about National Travelworld, or the remaining subsidiaries in National Bus Company's disposal programme, can be obtained from the Chairman, National Bus Company, 172 Buckingham Palace Road, London, SW1W 9TN.

This advertisement does not constitute an offer or invitation to acquire any shares in, or the undertaking or assets of, or any interest in the undertaking or assets of, the National Bus Company or any of its subsidiary or associated companies.

This advertisement is issued on behalf of the National Bus Company by its financial advisers, Barclays de Zoete Wedd Limited.

THE TRAVEL CHAIN WITH THE NATIONAL NAME

ANOTHER NATIONAL BUS PRIVATISATION

CONSTRUCTION CONTRACTS

£95m office complex spans London Wall

Work has started on a £95m contract to replace Lee House, in the City of London, with a landmark office building which will span London Wall. Awarded by MEPC to **MOWLEM MANAGEMENT**, the project is believed to be one of the most complex and technically challenging building projects in the UK.

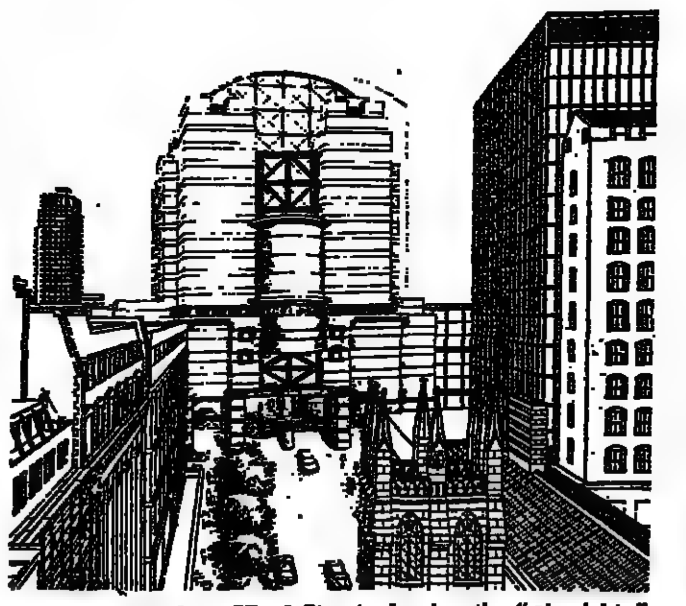
It involves demolition of the 21-storey Lee House and construction of an 18-storey office building on the site, and in the "air rights" over the London Wall/Wood Street road junction. Nine *houses and maisonettes on* the south side of Monkwell Square are included, together with shops, a public house, a restaurant and a kiosk for the Barbican Information Centre.

The 373,000 sq ft (net) building will consist of office floors, ranging from 10,000 to 30,000 sq ft, grouped around three atria, suitable for dealing and standard office use. Computer and storage space, together with car parking and services, will be at basement level.

The first challenge for the project team is dismantling what is believed to be the tallest building to be demolished in the City. The concrete structure to Lee House will be cut up and lowered by tower crane into vehicles which will take the elements outside the City for crushing. The site is next to Barbican homes (the closest are only 7 yards away) and City planners have imposed strict limits on the site working hours for both demolition and construction.

Before construction can begin, all the major statutory services from the London Wall/Wood Street intersection must be diverted and sections of the underground London Wall car park rebuilt to make way for the new substructure. These works involve traffic management and Mowlem has appointed a specialist works contractor to co-ordinate operations and work in liaison with the police and City engineers.

The basement under Lee House and Monkwell Square is to be deepened to incorporate a second basement level using the "top-down" method adopted by Mowlem at the British Library site. A steel-framed structure, with composite metal deck and concrete floors, will rise from a bored pile and diaphragm walled substructure. A "pod" system will be used for the construction and installation of the lavatories and the complex will be clad in a variety of materials—largely granite, aluminium and glass.



Looking north from Wood Street, showing the "air rights" building which will straddle London Wall

A highlight of the construction will be the erection of the *cable-stayed girders and tied* arches which form the transfer structure that will support the 16 floors of the "air rights" building over London Wall/Wood Street. This will take place over several weekends during spring 1988.

The buildings will initially be finished to a shell and core specification, which will include operational main plant, installation of all vertical ducts and risers and commissioning of lifts and escalators. The air-conditioning system will be VAV with perimeter heating from between five and nine package air handling units per floor, depending on usage. Standby generators will be on the roof level. High-speed lifts will serve all the floors. Work is due for completion in three years.

Overlooking River Brent

HUNTING GATE has been awarded an £8.3m contract to design and build a 145,000 sq ft office development on a riverside site by the A4 in Hounslow, west London.

The design is based on a traditional theme with the scale of the buildings reduced through the use of facing brickwork, complemented by steeply-pitched roofs with overhanging eaves. Curtain walling has been introduced to provide a strong contrast to the brickwork and to highlight the main entrances to each of the blocks.

To enhance the elevation to the River Brent, a series of brick arches will be introduced at low level to provide further visual interest in the scheme. The banks of the river are being landscaped with the original mooring rings retained.

Each building is to have a separate identity within the development providing two and four-storey units, with production areas on the ground floor and offices above. A feature of the scheme involves use of the natural fall of the site to accommodate underbuilding car parking, serviced by a ring road system.

As well as the riverside view, future occupiers will be able to look down on a landscaped courtyard featuring a water sculpture. This, says the developer, combined with a landscaped project which uses semi-matured trees in an extensive planting programme, will create a high quality environment once the project is completed in August 1988.

Wall at Stansted Airport

As part of the major development at Stansted Airport, Essex, **CEMENTATION CONSTRUCTION**, a Trafalgar House company, has been awarded two contracts together worth nearly £10m.

The largest, at £7.3m, is for a massive retaining wall, 600 metres long. The wall will be formed by contiguous bored *piles held back by Macalloy* bars, fixed into a second line of concrete piles.

Piling will be carried out by associate company Cementation Piling & Foundations. There will be about 374 bored piles ranging in length from 10 to 25 metres of 1,050 mm diameter.

The wall will tie into the concrete floor of the airport terminal concourse which in turn ties in with stage 1 of the terminal which is presently under construction. Ground conditions necessitate extensive dewatering throughout the site. Completion is scheduled for mid-1988.

The smaller contract worth *£2.3m is for infrastructure works* at the airport. The project broadly comprises earthworks, drainage and services as well as a 1.5 km long, 9 metre wide, concrete block access road. Works have started and are scheduled to take 34 weeks.

City offices

PROJECT MANAGEMENT INTERNATIONAL is to manage the new Roy Properties 150,000 sq ft office development, and 40,000 sq ft of mid-tech space at the Aldgate Exchange, Commercial Road, E1. The scheme is costing about £20m.

The building will have an atrium and provide office space, including dealing floors, an adjacent computer building and car parking. It is part of a comprehensive development programme now being carried out by Roy Properties in the City. Further sites to be developed are in Leman Street and Mansell Street.

Demolition has commenced and a fast-track programme of 18 months construction is envisaged for completion in late 1988.

Over £11m for R. M. Douglas

Orders for £11.4m have been received by **R. M. DOUGLAS CONSTRUCTION**. A Department of Transport lane rental contract worth £1.65m for hardening the central reservation of the M1 motorway between Crick and Whilton Locks, near its junction with the M45, is planned for completion in 39 days working night and day. Work has started on a 52-week office refurbishment contract for Glaxo Operations UK at Ware, valued at £2.7m. A design and build contract of £700,000 for a Texas Homecare DIY warehouse in Poole has started, for completion in October. £6.4m of the total is for contracts in South Wales. Work has started on the £2.9m 91-week contract for Scheme 2 at Morriston General Hospital, Swansea. A factory unit of £600,000 at Kenfig for Orion UK and a £2.9m factory for K.M.E. (UK) at Newport will start soon.

£23m prison at Wolverhampton

TAYLOR WOODROW has been awarded a £23m contract by the Property Services Agency to build a prison on a site near Wolverhampton. Work starts this month with completion scheduled for late 1989. The two-storey prison comprises two main blocks, an administration complex, workshops, stores, education and religious units and physical recreation facilities. The scheme incorporates landscaping and high security arrangements.

★

WALTER LAWRENCE PROJECT MANAGEMENT has been appointed by the London Borough of Richmond upon Thames to manage a construction programme valued overall at £13m.

A major element is the design and construction of new offices at York Street, Twickenham, Middlesex. The work involves *demolition of buildings behind* the retained facade of 60-66 York Street. The new works will provide a basement car park for about 70 cars and office accommodation on three/four floors incorporating a central atrium. The retained facade will be refurbished and the remainder of the new building clad in a sympathetic style using traditional materials. An adjoining site, at 42 York Street, involves refurbishment and construction of an extension to the rear.

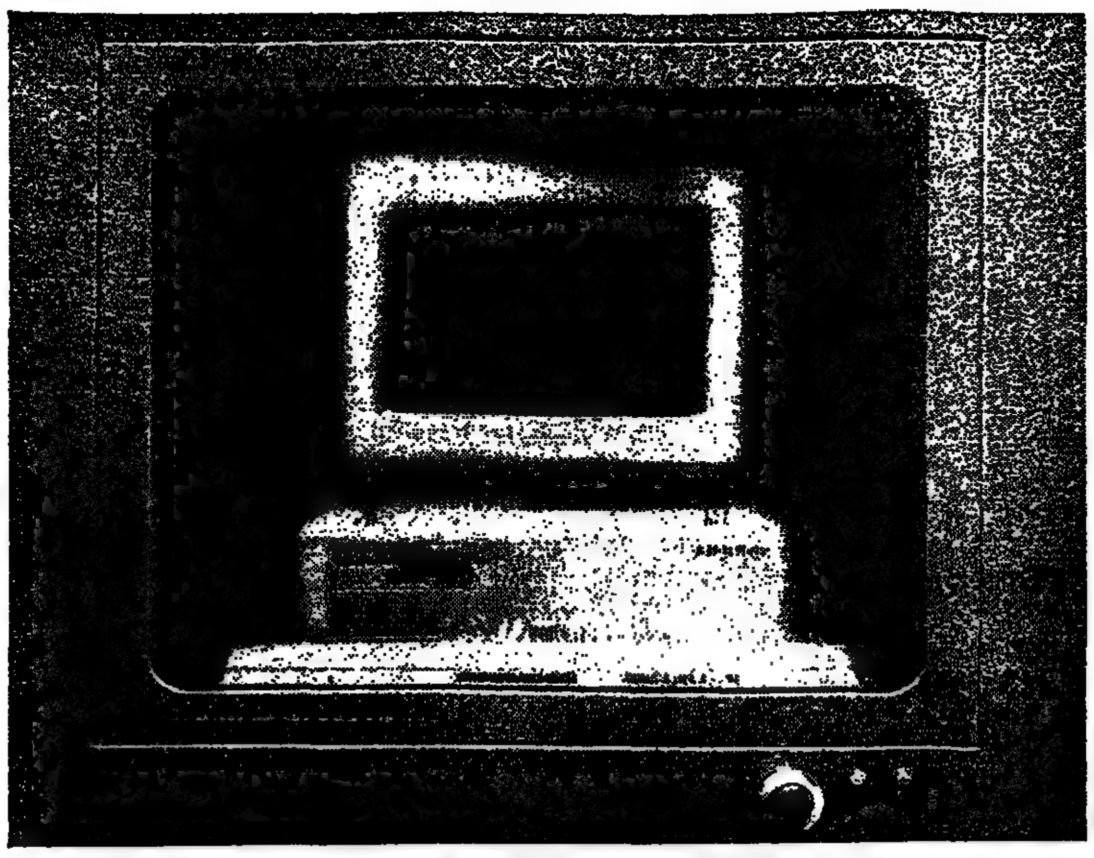
★

NORWEST HOLST has won a further £6m package of work on the British Library in London bringing the total to nearly £12.5m. The latest contract includes construction of a nine-storey reinforced concrete frame including waffle floors, precast concrete corble units, troughed floors and lightweight roof slabs. Although overall completion is programmed for two years, various sections of the work will be handed over during the contract.

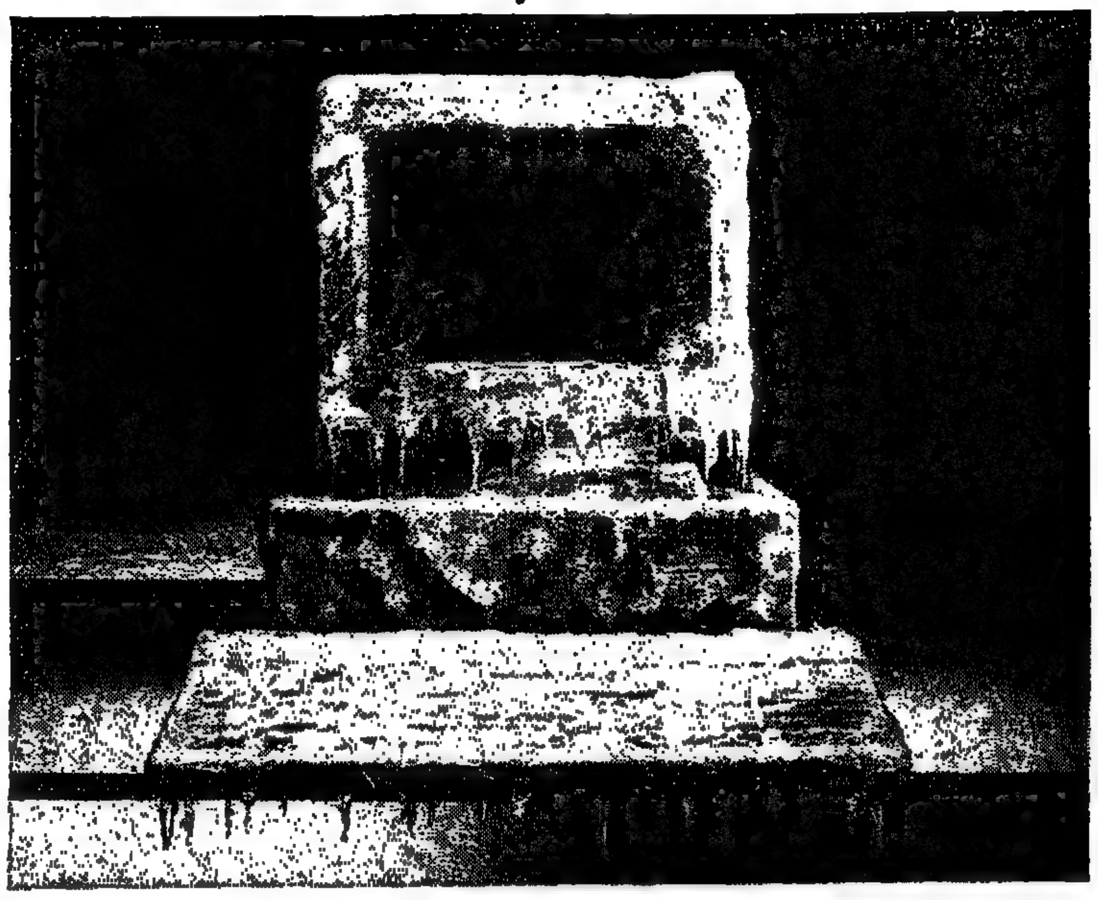
An unusual feature of the building is the meeting room/lecture theatre measuring 20 by 25 metres, with a tiered slab supported on accoustically insulated bearings giving a minimum of 50 mm air space above the structural slab beneath. In total 10,000 cu metres of concrete and 2,400 tonnes of reinforced steel will be used.

هكذا من الأصل

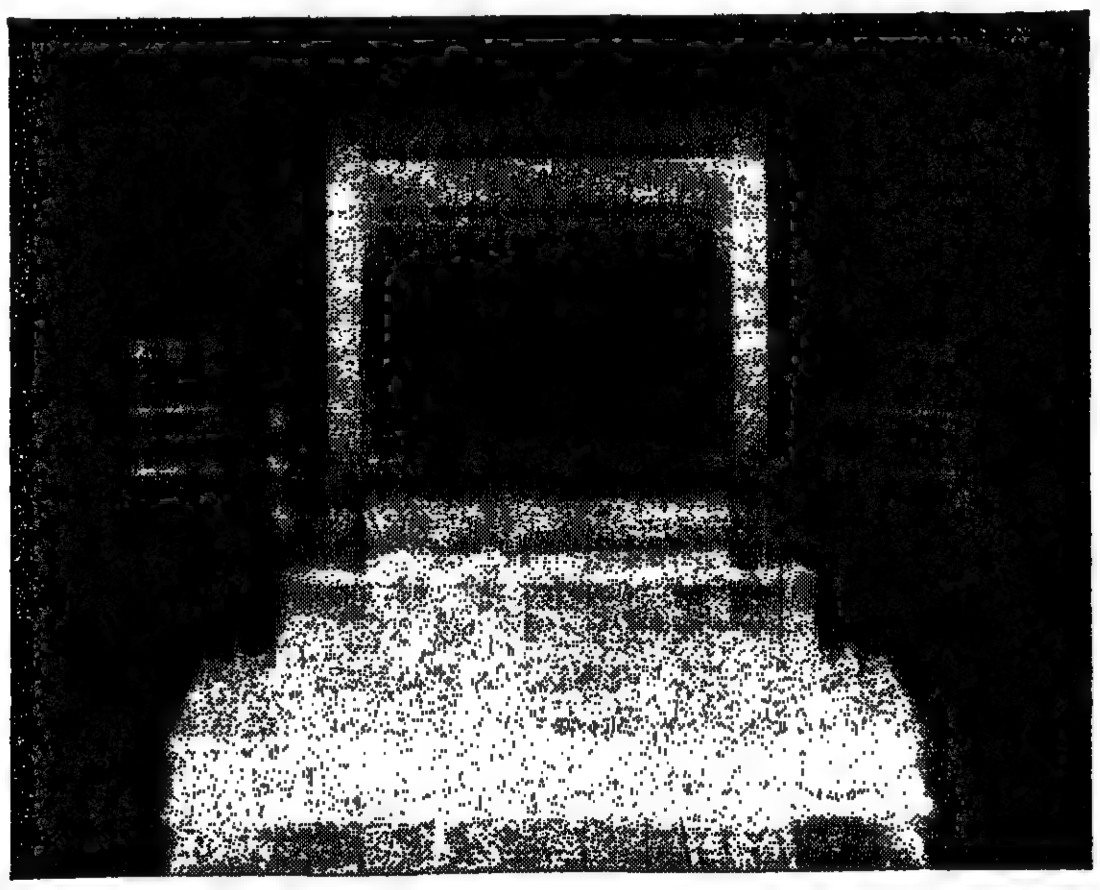
We steamed it.



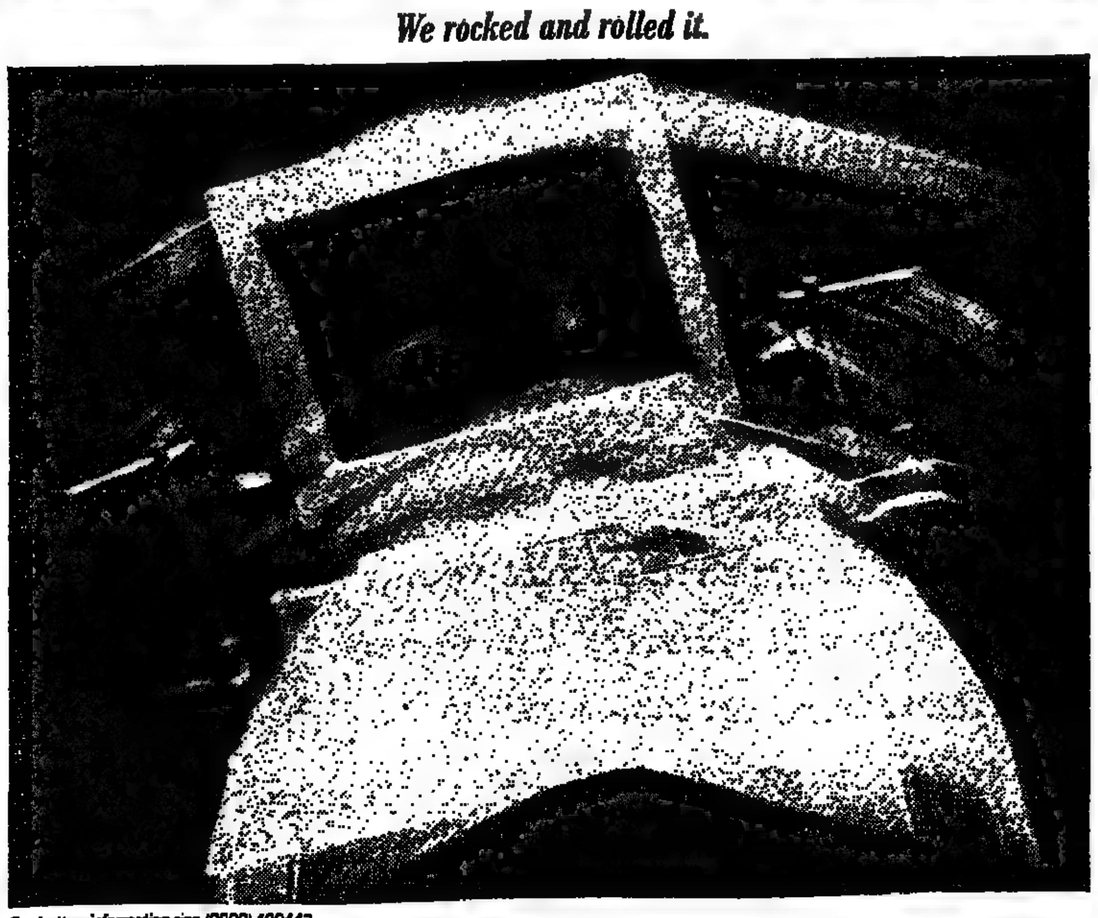
We froze it.



We shook it.



We rocked and rolled it.



For further information ring (0800) 400443.

To get to your office, the Vectra has to go through hell.

How can we be so sure our Vectra computer won't let you down? Because we asked Lloyd's Register of Shipping to give it a going over.

Lloyd's test all kinds of equipment for seaworthiness. They believe a computer should be able to round the Cape, reach the Pole and spend a week in the Doldrums.

Which is why they tested the Hewlett-Packard Vectra as if lives depended on it.

First, they left it in a temperature of 55°C for 100 hours. Then they lowered the temperature to -25°C for 16 hours. In the next test they again raised the temperature to 55°C but this time with a humidity of 95%.

They also rolled the Vectra each side of the vertical, they vibrated it for two hours and they fluctuated and interrupted the voltage and frequency.

The results, we think, will surprise you.

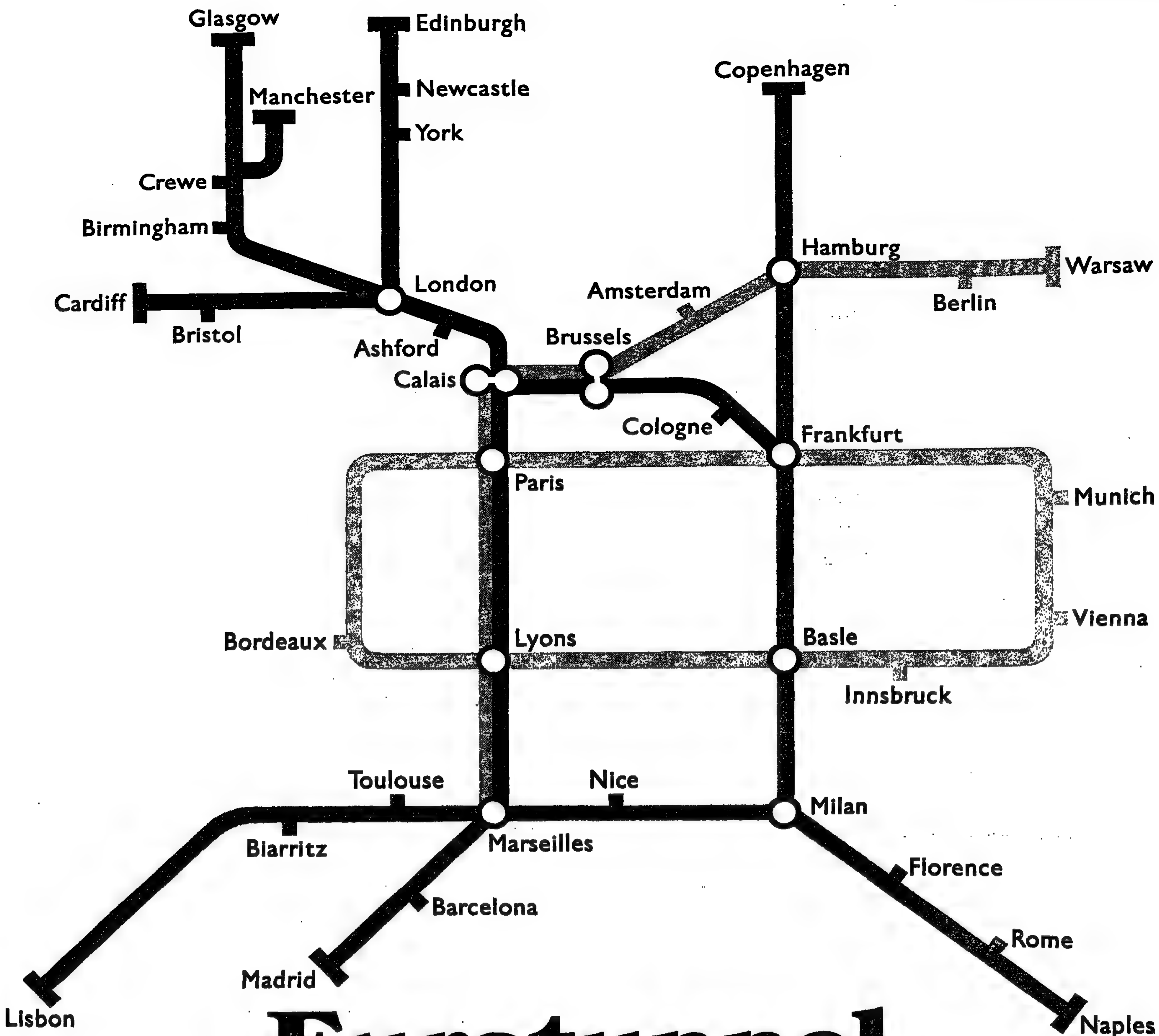
Apart from suggesting we should secure the capacitors and resistor more firmly, Lloyd's gave us a clean bill of health.

For those on dry land, the message is clear.

If the Vectra can cope with life at sea, it should find office life plain sailing.

HEWLETT PACKARD

We can work it out.



Eurotunnel. Look at it this way.

Never mind Collier's Wood to Camden Town.

Forget Arnos Grove to Archway.

In six years' time, you'll be able to hop on a train from Birmingham to Brussels.

Or catch the 8.23 from Newcastle to Nice (change at Paris).

For as the final section of rail is lowered into place somewhere beneath the Channel, Eurotunnel won't simply be making history.

It'll also create the single biggest unified rail network in the world.

Imagine all the advantages that'll mean to the hard-pressed international traveller.

For the first time, you'll find yourself getting from A to B without having to worry about sea.

There'll be no more humping luggage off the train onto the boat and back onto the train again.

No more pacing the deck worrying about missed connections.

And, just for good measure, rail journey times to the Continent reduced by about 2 hours.

Indeed, if you happen to be reading this in the cab queue at Heathrow, consider the following.

From city centre to city centre, the train will outstrip the plane on most trips up to 300 miles.

Try and beat that for going, Boeing.

EURO TUNNEL

A breakthrough for Britain.

Linkage of cities on map does not necessarily imply direct connections.

DIARY DATES

Finance

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

COMPANY MEETINGS—
Guthrie, 30-32, St Mary Axe, EC, 12.00
Hollis, 33, Holborn, EC, 2.30
Kennedy Smale, Victoria House, Vernon Place, WC, 10.30
Ratners (Jewellers), Churchill Hotel, 30, Portman Square, W, 12.00
Shires Invs., 70, Finsbury Pavement, EC, 12.00
Top Value Inds., Britannia Hotel, Manchester, 12.00
Viking Resources Trust, 116, Piccadilly, W, 12.00

BOARD MEETINGS—
Finals:
Borland International
Cropper (James)
Drummond
Estates and Agency
Oceana Devpt. Inv. Tst.
Optometrics (N.S.A.)
Schroder Money Funds
Volex
Whitecroft
Wyndham
Interims:
Burns-Anderson

DIVIDEND & INTEREST PAYMENTS—
Banca Serfin Sub Fltg Rate Nts 1985-89 $197.17
BFCC 6½pcPf 3.25p, 7½pcPf 3.75p, 7¼pc Pf 3.875p
India (State Bank of) Fltg Rate Nts 1987 $321.03
Perkins (John) Meats 1.2p
Tomkinsons 2p
Wardle Storeys 2.5p
Wells Fargo Fltg Rate Sub Nts 2000 $66.1

TOMORROW

COMPANY MEETINGS—
Asda Props., Ironmongers Hall, Shaftesbury Place, Barbican, EC, 11.45
British Borneo, 31, Charles II Street, St. James's Square, SW, 12.00
English National Inv., 26, Finsbury Square, EC, 12.00
First Charlotte Assets Trust, One Charlotte Square, Edinburgh, 12.30
Hestair, Dorchester Hotel, W, 12.00
Land Securities, Devonshire House, Piccadilly, W, 12.00

Runciman (Walter), 52, Leadenhall Street, EC, 12.00
Sovereign Oil, 87, Bartholomew Close, EC, 10.00
Trimoco Finance, Great Eastern Hotel, Liverpool Street, EC, 12.00
WPP, Savoy Hotel, Strand, WC, 12.00

BOARD MEETINGS—
Finals:
Brookmount
Brown and Jackson
Danae Invst. Tst.
Dwek
GEI Intnl.
Marshalls Halifax
Racal Electronics
Trimoco
Interims:
Electronic Data Processing
Hardanger Props.

DIVIDEND & INTEREST PAYMENTS—
Anglia BS Fltg Rate Nts 1996 £122.31
Banco Espir Santo E Com De Lisboa Fltg Rate Nts 1990 $334.93
City of Oxford Inv Tst 1.15p
National & Provincial BS Fltg Rate Nts [illegible]
National Commercial Bank Fltg Rate Nts 1994 $328.81
Scandinavian Finance Stlg Fltg Rate Nts 1990 £25.68
Scottish National Tst 1.9p. 6pcPf 2.1p

WEDNESDAY JUNE 24

COMPANY MEETINGS—
Bisichi Tin, 30-32, Ludgate Hill, EC, 12.00

Browmaker, White Horse Hotel, The Square, Romsey, 11.30
British & Commonwealth, 14-20, St Mary Axe, EC, 12.00
Channel Tunnel Invs., 1, Love Lane, EC, 12.00
Harris Queensway, 76, High Street, Orpington, Kent, 10.00
J.S. Pathology, 11, Chandos Street, W, 12.00
Plumb Hldgs., 95, Piccadilly, W, 11.00
Securities Trust of Scotland, 29, Charlotte Square, Edinburgh, 12.30
Stylo, Harrogate Road, Apperley Bridge, Bradford, 10.00
Walker (J.O.), Leicester Moat House, Wigston Road, Leicester, 12.30

BOARD MEETINGS—
Finals:
Boots Inds.
Bulgin (A. F.)
Cable and Wireless
Charter Consd.
Chelsea Man
EBV
Kewill Systems
Leigh Interests
M.K. Electric
Interims:
Anglia Television
Hardys and Hansons

DIVIDEND & INTEREST PAYMENTS—
English National Inv Pfd 6.75p. Dfd 4.3p
First Charlotte Assets Trust 0.05p
Grupo Industrial Alfa $255.56
Korea Exchange Bank Fltg Rate Nts 1993 $347.57
Metropolitan Water Kent Water Works 3pcDb 1.5pc
Peachey Property 6¼pc1stMtgDb 1983-88 3⅛pc
United Kingdom Fltg Rate Nts 1996 [illegible]

THURSDAY JUNE 25

COMPANY MEETINGS—
BSG Intl, National Motorcycle Museum, Coventry Road, Bickenhill, Solihull, 11.00
Clarkson (Horace), 12, Camomile Street, EC, 12.00
Eucalyptus Pulp Mills, Johnson House, Wellington Road, Wokingham, 12.00
FR Group, 9, Little Trinity Lane, EC, 12.00
Gerrard & National, 33, Lombard Street, EC, 12.00
Hartlepools Water Co., 3, Lancaster Road, Hartlepool, 12.00
Pauls, Key Street, Ipswich, Suffolk, 10.00
Sangers Photographics, Strathallan Hotel, Hagley Road, Birmingham, 10.30
Smaller Companies Int Trust, 4, Melville Crescent, Edinburgh, 12.15
Towles, Queens Road, Loughborough, 11.30

Yule Catto, Great Eastern Hotel, Liverpool Street, EC, 12.00

BOARD MEETINGS—
Finals:
Anchor Intnl. Fund
Argyll Group
BPB Inds.
BTP
Burndene Invsts.
C. H. Inds.
Greycoat
Latham (James)
Parkdale
Rothmans Intnl.
Stead and Simpson
Wooltons Betterware
Interims:
Bett Bros.
Macarthy
Raeburn Invst. Tst.
Scantronic
Stainless Metalcraft
TSB
Trusthouse Forte

DIVIDEND & INTEREST PAYMENTS—
Bailey (Ben) Construction 0.4p
Bayer DM 10
Berry Pacific (Sterling) Fund 10.2p
Hercules 44cts
Scottish Mortgage & Trust 6.5p

FRIDAY JUNE 26

COMPANY MEETINGS—
Aberdeen Construction, Station Hotel, Aberdeen, 12.00
Bilton (Percy), Bilton House, Uxbridge Road, Ealing, W, 12.00
Chillington, Sadlers Hall, Gutter Lane, Cheapside, EC, 12.00
Edinburgh Inv Trust, Caledonian Hotel, Princes Street, Edinburgh, 12.00
Gee (Cecil), Connaught Rooms, Great Queen Street, WC, 12.00
Govett Oriental Inv Tst, 77, London Wall, EC, 10.45
Helene of London, Ramada Hotel, Berners Street, W, 12.00
MacLellan (P and W), White Hart Hotel, Bailgate, Lincoln, 12.00
R.E.A. Hldgs, 29, Martin Lane, EC, 10.30
Tesco, 30, Threadneedle Street, EC, 2.30
Waverley Cameron, 23, Blair Street, Edinburgh, 12.00

BOARD MEETINGS—
Finals:
Electric and General Invst.
Marston Thompson and Evershed
Interims:
Bermuda Intnl. Bond Fund

DIVIDEND & INTEREST PAYMENTS—
American Cyanamid 52.5cts
Black & Decker 10cts
Gerrard & National 14p
Investors Capital Trust 3.15p
Mid-Sussex Water 4.9pc 2.45p
Miller & Santhouse 0.75p
Royal Decorative Products 4pcDb 2pc
South Staffordshire Water 4.9pc A 2.45p, B 2.45p, C 2.45p, 3.5pc 1.75p
THT A$0.04
Waverley Cameron 1.28p

SUNDAY JUNE 28

DIVIDEND & INTEREST PAYMENTS—
GKN (United Kingdom) 6pcGtdDb 1984-1989 3pc. 6½pcDb 1984-89 3¼pc. 10½pcDb 5¼pc. 9½pcDb 1991-96 4¾pc. 10½pcDb 1990-95 5¼pc. 6½pcDb 1984-1989 3¼pc. 7½pcDb 1986-91 3¾pc.
GKN 6½pcLn 1988-93 3¼pc

Trade fairs and exhibitions: UK

Current
Property Management & Architects Exhibitions (01-749 9535) (until June 24) — Kensington Exhibition Centre

June 23-25

Current
Software Engineering Tools Exhibition and Conference (01-868 4466) (until June 25) — Wembley

June 27-28
Craft Fair (01-940 4608) — Sandown Exhibition Centre, Esher

June 30-July 2
Electronic Publishing Exhibition and Conference (01-868 4466) — Wembley

July 3-5
Money Show (0895 58431) — University of Leeds

July 6-9
Royal Agricultural Show (0203 555100) — Kenilworth

July 10-19
World Wine Fair (01-729 0677) — Bristol

July 14-16
Electronic Design Automation Show (01-242 3621) — Wembley Conference Centre

July 17-18
Cash and Carry Fashion Fair (01-727 1929) — Kensington Town Hall

July 19-23
Gift Trade Fair (0282 867153) — Harrogate Exhibition Centre

July 23-26
Acorn Computer User Show (01-836 2441) — Barbican Centre

July 28-August 2
British Music Fair (01-385 1200) — Olympia

August 2-5
BFM Furniture Show (01-724 0851) — G-Mex Centre, Manchester

Overseas

Current
International Foundry Exhibition (021-455 9600) (until June 26) — Brno

Current
International Wine, Spirits and Equipment Exhibition (01-225 5566) (until June 26) — Bordeaux

June 30-July 3
Electronics Industry Exhibition (02403 29405) — Hong Kong

July 16-20
International Integration of Western and Chinese Medical Technology and Pharmacology Exhibition (01-486 1951) — Shanghai

July 22-25
British Products and Services Fair (0206 240668) — Amman

July 24-27
Electronic Products Exhibition — INTERNEPCON 01-940 3777) — Kuala Lumpur

August 21-27
International Jewellery and Watches Exhibition—JEWELFAIR (01-464 4129) — Singapore

Business and Management Conferences

June 22-23
Financial Times: World gold conference (01-621 1355) — Venice

June 23-24
Institute for International Research: Pricing, Hedging and Trading Options on Interest Rates (01-434 1017) — Moorgate Place, EC2

June 23
Agriculture EDC/TVS: Directions for change—land use in the 1990s (0622 691111) — Southampton University

June 24-25
ESC: Commercial Exploitation and Protection of Computer Software (0536 204224) — Churchill Hotel, W1

June 29
The Strategic Planning Society: Recent research results—the competitiveness of British Multinationals (01-235 0246) — 15 Belgrave Square, SW1

June 30-July 1
Watt Committee on Energy: Rational use of energy (01-379 6875) — Heriot Watt University Edinburgh

July 2-3
Financial Times Conferences: Oil and gas reappraised (01-621 1355) — Hotel Inter-Continental, W1

July 6
London Chamber of Commerce: Turkey in pre-election year (01-248 4444) — 69, Cannon Street, EC4

July 7-12
International Energy Forum (040 35 69 24 40) — Hamburg

July 8-9
Institute for International Research: Issuing, Trading and Investing in Equity Warrants and Convertibles (01-434 0301) — Cafe Royal, W1

July 7-9
City Financial: Insurance information exchanges — UK-general markets (01-242 5275) — Connaught Rooms, WC2

July 7-8
Financial Times Conferences: Telecommunications and the European Business Market: the perspectives for change (01-621 1355) — Hotel Inter-Continental, W1

July 13-14
Spectra: How can retail management use data collected from sales points — to make their businesses grow? (0734 794161) — Portman Hotel, W1

July 15-17
National Association of Futures Trading Advisors: Managed money—a global perspective (Illinois (312) 644-6610) — Ritz Carlton Hotel, Chicago

July 28-30
Microwave Association: Educating the educators (01-229 8225) — Royal Holloway and Bedford College, Egham

August 10-12
Frost and Sullivan: Managing the data centre as a business (01-730 3436) — London

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

APPOINTMENTS

London subsidiary for Wates built homes

WATES BUILT HOMES has formed a wholly-owned subsidiary, Wates Built Homes (London). **Mr Bill Galr**, managing director of Wates Built Homes, has been appointed chairman, **Mr Bill Bromwich** is managing director and **Miss Carolyn McQuitty** is sales director.

★

Mr Ronnie Blair has retired as managing director of ABITIBI-PRICE SALES. He will remain on the board as vice-chairman. He will be succeeded as managing director by **Mr Charles Harvey** and **Mr Paul Planet** joins the company as sales director.

★

The ALUMINIUM WINDOW ASSOCIATION has elected **Mr Alan Fitzjohn**, managing director of Bacoglaze Systems, part of British Alcan Aluminium, as vice president. He will assume the presidency in June 1988. The appointment, which is the first from outside a window-making company, reflects the growing strength and importance of aluminium window systems in the marketplace, says the association.

★

Mr Peter Felton has been appointed chairman of WILLIAM M. MERCER FRASER, actuarial and employee benefit consultants. He succeeds **Mr Peter Coster** who will become president of William M. Mercer. Mr Felton was deputy chairman, and his promotion is from July 1.

★

Mr Tim Sanders has been appointed director and London and SE regional manager of career and human resource management consultants, CHUSID LANDER. He was with The Equitable Life Assurance Society and before that was with Hogg Robinson Group after transferring from The London Life Association. Before that he was director of manpower policy and planning with the Royal Marines, with whom he served 23 years.

★

Mr Joseph Knowles has been appointed managing director of CLARK KINCAID, engine building subsidiary of British Shipbuilders. He was deputy managing director, and succeeds **Mr Bill Scott** who has been appointed managing director of North East Shipbuilders, the largest shipbuilding subsidiary of British Shipbuilders.

★

Mr Jim Norton has recently been appointed principal consultant with BUTLER COX AND PARTNERS. He joins from British Telecom (BT) International where he was senior manager-business development projects, responsible for activities in the US, Japan and Europe.

★

Mr Nicholas Stanley has been appointed deputy chairman of AIR CALL (HOLDINGS). Son of the late John Stanley, Air Call's founder, he joins from Corney and Barrow, where he was managing director. Mr Stanley will be assuming specific responsibilities in the company's medical business, Air Call Medical Services.

★

Mr Peter Gardner, sales and marketing director of D. A. Thomas Holdings and director of sister company Hewi (UK), has been elected president of the GUILD OF ARCHITECTURAL IRONMONGERS.

★

R. E. BARKER & CO., Featherstone, West Yorkshire, manufacturer of haulage rope pulleys and frames for the mining industry, has appointed **Mr Alan Medley** as general manager. He replaces **Mr Stan Fisher**, who has retired.

★

Mr Maurice Doran, formerly marketing director, has been appointed managing director of PHOTO-SCAN. He succeeds **Mr Peter Goddard**, the company's founder, who will retain his association with Photo-Scan as non-executive vice chairman.

★

Mr P. L. Donovan has been elected president of the NATIONAL ASSOCIATION OF BRITISH AND IRISH MILLERS. He is chairman and managing director of Allied Mills, and chairman of the Mardorf Peach Group.

★

Mr Simon Daniels has been appointed managing director of J. LONG & SONS (BATH) a member of the J. M. Jones Construction Group. He joined the group in 1986 after eight years with John Laing Construction.

★

Rendels, a member of the HIGH-POINT RENDEL GROUP, has appointed **Mr Peter Clark** as director responsible for the business development unit. **Mr Terry Mulroy**, managing director of Transport Planning Associates, becomes a director of Rendels. **Mr Tom Walsh**, managing director of RPT (Warrington) is made an assistant managing director of Rendel Palmer & Tritton with responsibility for co-ordination of UK regional offices. **Mr Bruce Claxton**, director, RPT and secretary of Rendels, in addition to his current duties, will assume responsibility for the control of contract services. **Mr Philip Harris** is promoted to senior assistant director of RPT with responsibility for development of business in the property sector.

★

Mr Rick McCann has been made director and general manager of FRAZER-NASH SCIENTIFIC. He was operations and technical director. **Mr Simon Bailey** becomes sales and marketing director.

★

Mr Douglas Young has been appointed financial director of JARDINE THOMPSON GRAHAM. **Mr David Martin** becomes a director, and managing director of the international department of the non-marine division. **Mr Jeremy Monroe** also becomes a director, and managing director of the North American department of the non-marine division.

★

Sir John Collyear has been elected president of MIRA in succession to **Prince Michael of Kent**. Sir John was chairman of AE. He is chairman of the Department of Trade and Industry technology requirements board, chairman of United Machinery Group, director of Hollis, director of MK Electric Group and soon to be chairman of Fulmer Research Institute.

★

Mr Roger Bolter has been appointed finance director of WESTINGHOUSE BRAKES from July 1.

★

Mr Clive Hanover, **Mr Alan Henson** and **Mr Brian Wootton** have been appointed directors of HILL SAMUEL INVESTMENT MANAGEMENT. **Mr Howard Maguire** has been appointed a director of Hill Samuel Pensions Investment Management.

When words from the heart won't do

JOHN LLOYD

DURING the election, a senior Labour politician was listening to the Prime Minister's celebrated remark that she wanted a doctor of her choice at a time and place of her choosing. He thought, as did much of the media, that this would do her harm, perhaps even that she had committed the fabled supergaffe which, picking up speed as it travels through studios and word processors, boomerangs back on *its creator* to hit her smack between the eyes. He rejoiced.

The remark appeared to cause not a blip in the polls. The senior Labour politician reflected: and he thought something like this. That Mrs Thatcher was speaking from the gut. That she was saying what she wanted without putting it through the sieve of politicospeak, and was voicing a desire shared by all, even if it could be afforded only by the few. That she spoke into a political atmosphere (which she had helped to create) in which the frank assertion of "I want" was no electoral handicap. That his party too had to find some way to speak with the same careless rapture.

Push the thought further. How does a Labour or Alliance leader speak from the gut in a way which will match the simplicity and sincerity of the Prime Minister? Naturally, arguing for a return to tri-partism does not provoke an internal *shout of assent. But nor do* the more palpably emotional issues, like health, education and unemployment. For in such issues (where both Labour and the Alliance found themselves to be "strong") the posture of the politician is usually that of the bourgeois seeking to persuade people to care for the neglected. He does not speak from the gut, but from the heart—and increasingly a heart which beats to the wild rhythms of the party's private polling. That is not to say Opposition politicians lack idealism—idealism is at least a component in propelling most men and women into politics and keeping them there. The problem in this instance is that the idealism is contrived. It does not say "I want" for it believes that "I want" must wait upon "You should."

It is here where the news flashes of Mrs Edna Healey's private operation and Mr Bryan Gould's swimming pool flare so brightly. Of course these stories are "unfair": but most people of average or less-than-average means, looking at comfortable padded and paid politicians, have at least a latent feeling that here is a man doing well for himself. There is thus bound to be a certain unease that these people protest too much. Put crudely: *if* large numbers of the working class no longer want socialism, what's in it for the middle classes?

The psychologist William James developed a two-fold classification for people: the "once born" and the "twice born." The once born are people broadly comfortable with the world, in whose souls no constant battles rage. The twice born are those for whom all life is a battle: who are never comfortable but who feel that this state is transient.

Taking James's insight further than he meant it—we might see the election as a battle between the once and twice born. The once-born Thatcherites see (or say they see) the world as capable of simple remedy: the application of the market, which can be equated with everyone's desire for freedom: the "I want" that moves mountains, and kills socialism. The twice born are more complex people, or people who say they think things are much more complex: they call for a sacrifice from some, even most, to assist a minority: they speak to consciences.

These twice born are grossly over-represented in the ranks of dons and clerics—one reason for their alienation from Thatcherism. The Scots, too, constitute a sullen opposition: but they are a race with great strata of discomfort running through them, whose residual Calvinism forbids a simple response to anything.

The twice born are right that matters are not that simple and that there is no single key which needs to be *turned* but once. But they have not been able to stop the once born politicians appealing to the once born masses. Nor have they gained much affection for their role in warning of the perils of greed.

Perhaps it is right that they have not. For though it is perfectly clear that society is becoming steadily more socially polarised, it is neither politically wise to proclaim nor indisputable, that this is because there is a huge tide of greed coursing through the veins of the C1s and C2s. That always seemed like upper class condescension, and there is some evidence to that effect.

Figures collected by the Charities' Aid Foundation show that charitable giving in the UK has increased from an annual level of £7.2bn in in 1981, to around £10bn in the mid 1980s. A survey which the foundation plans to publish in September will show the present level at some £12bn annually.

In the voluntary sector, both the National Council for Voluntary Organisations and the Volunteer Centre report that both the number and scope of voluntary agencies are growing strongly. More interesting still, according to the *Volunteer Centre, growth has* not been confined to the traditional "do - gooding" areas of charitable works: much more centres round activities initiated, typically, by groups of women who have been galvanised into helping themselves and others by — for example — crime, or drug-taking among their children, or the ineptitude of their local councils.

If it is the case that the trend lines for charitable giving and doing are rising at the same time as those for *shares* and house-owning, this may provide the desparing senior Labour politician with something to work on. Part of the "realignment" of the opposition parties over the next period will include, I judge, their giving a much more central role than in the past to just such voluntary activity — and explicitly advancing this as a partially publically funded adjunct to some state activity.

"Setting the people free"—not just to help themselves but to assist others could unlock reservoirs of good Samaritanism. And the augmentation of state-provided welfare by a multitude of endeavours which were personal, tangible and on an individual human scale could allow any politician embracing this "wave of the future" to speak from somewhere rather closer to the gut than they could earlier this month. Doing good to whom I choose in a place I choose at a time *I choose is not exactly* Florence Nightingale, but is perhaps as much as most human flesh will yield and it also seems that more and more people are choosing to do just that.

INTERVIEW

At home on the Sloan range

Anatole Kaletsky talks to Roger Smith, chairman of General Motors

WHEN Mr Roger Smith arrives at work in the cathedral-like art-deco General Motors Centre which rises surrealistically out of the largely empty wastelands of central Detroit, he is, in one sense, master of everything he sees.

No city in the world is more dominated by one industry than Detroit. Not many industries are dominated by one company as the US car business is by GM. And few giant companies are dominated by a formalised management system in the way that GM still seems to be by the hierarchical committee struc*ture created 50 years ago by* Alfred P. Sloan.

Mr Smith sits at the apex of this carefully crafted pyramid, designed to ensure "decentralised operations and responsibilities, with central co-ordinating control." Despite the unprecedented bureaucratic reorganisations which Mr Smith has initiated since becoming chairman in 1981, it is appar*ent that the Sloan mantle weighs* heavily on his shoulders.

Indeed, if there is one thing that comes out more clearly than Mr Smith's determination to shake up GM, it is his pride in GM as it is. And if there is one thing stronger than his desire to make his mark by redirecting his colossal empire *from the chairman's office on* the fourteenth floor, it is his profound respect for the "decentralised operations and responsibilities" of the time-honoured GM way.

Perhaps these contradictions explain why Mr Smith appears to be strangely impotent and isolated. Beneath him lies not only the world's largest company, but probably the greatest non-governmental bureaucracy of any kind. GM's annual turnover of $104bn (£62.6bn) in 1986 was bigger than the gross national product of Switzerland or Sweden. Its 876,000 employees outnumber by nearly two to one the 485,000 workers at Sears Roebuck, America's next largest employer. The 8.6m cars and trucks GM builds *annually worldwide dwarf the* 5.9m produced by Ford and the 3.7m made by Toyota — the world's next biggest motor manufacture.

However, in the past year another superlative has been added to GM's list: it has become one of the most criticised companies in the world. GM's car sales have been shrinking. Its shareholders have been complaining about misconceived acquisitions and a gargantuan appetite for seemingly unproductive high-tech investment. Finally this spring came the ultimate humiliation — a resurgent Ford announcing higher profits than GM for the first time since 1924.

Asked to look back over his performance as chairman, Mr Smith admits to no regrets of any kind—about the $40bn GM has spent since 1981 to modernise its plant with little pay-off apparent so far; about the controversial purchases of the software consultancy, Electronic Data Systems (EDS), and Hughes Aircraft, which Mr Smith personally masterminded; or even about the notorious $700m buy-out which GM's board agreed on last December to silence its most vocal critic, the mercurial founder of EDS, Mr Ross Perot.

There is just one mistake Mr Smith can think of. "We went too far in small cars. We made some of our larger cars too small—*I'll accept that," he says.* By "downsizing" its luxury Cadillac models, GM underestimated the conservatism of its traditional customers and lost a large and very profitable segment of its sales to Ford's Lincoln division.

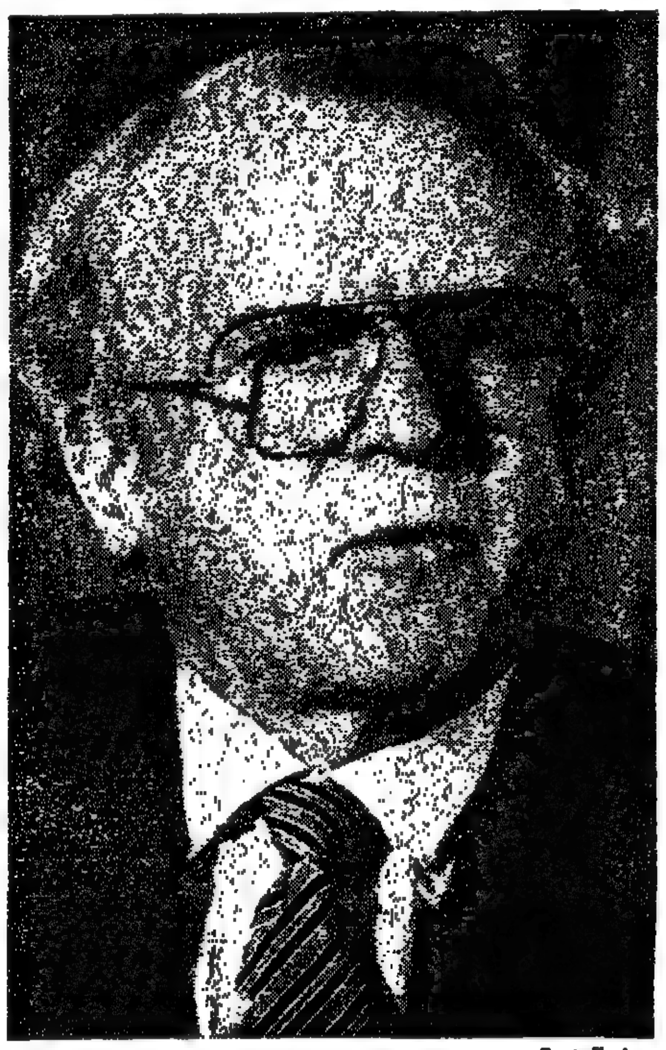
When pressed for other errors, Mr Smith deflects the *discussion to government.* "In the 1970s, when the US car industry should have been doing some of the things we're doing now—investing, retooling, im*proving quality* — we were saddled with ever-changing regulations. The Government heaped on regulation after regulation, without regard to costs or benefits," he says.

Pressed again, the GM chairman is aroused to passion: "Where is GM today? We're number one in the world—*right? We account for one in* every five cars produced worldwide—right? Now where is America's TV industry? Where is the steel industry? I don't think GM has done too badly."

In a sense Mr Smith is right. If there is one thing that has distinguished GM's strategy in the last five years it has been its determination to stand its ground against the Japanese onslaught on the market. Ford and Chrysler have turned in far more impressive profits recently, but *partly at the ex*pense of lost market share and more reliance than GM on outside component sources.

At the beginning of this year, however, this strategy appeared to change. As shareholder pressure mounted against the costs of defending GM's market share, Mr Smith decided to *accelerate plant closures.* He made clear to analysts that return on capital would be his dominant objective—even if this meant losing market share. To rub it in, GM announced its gargantuan investment programme was essentially complete and promised to spend a high proportion of its cash flow on buying back its own *stock,* instead of building new *factories* or acquiring companies like EDS and Hughes.

Mr Smith insists, of course, that the apparent change in strategy was no change at all. The $40bn GM spent on building six new plants and modernising 11 old ones—probably the biggest single manufacturing investment programme ever undertaken in peacetime—had been seen from the start as a crash effort to be followed by a period of lower investment when GM shareholders would reap their reward. The plants being closed were always due for retirement as new facilities came on stream.



Roger Taylor

While he admits that the company's market-share goal has been reduced to 40 per cent, from the 45 per cent typical until last year, he says this is only a "near term" assessment. The longer-term market share will depend on GM's new models. These, he believes, will be among the best cars in the world and he is sure they will be the most efficiently produced and lowest-cost vehicles of their class.

Indeed, the much-criticised mechanisation programme has *started yielding results, according* to Mr Smith.

In the latest new generation plants in Delaware and New Jersey, automation is producing cars that are "world class competitive on cost—and in GM that means number one in the world," Mr Smith claims. Only about a third of the gain in cost competitiveness with Japan has been due to the falling dollar.

To media accounts of robots at GM's earliest high-tech plants spraying each other instead of Cadillacs, Mr Smith's reply is curt: "I know we had our difficulties."

The learning curve had been much longer than expected. "GM has still more plans for mechanisation and automation and they will be carried out," he adds defiantly.

Mr Smith is equally dismissive of claims that improved management alone could have produced even more spectacular productivity gains than GM's costly automation. While he *admits that GM's joint venture* with Toyota in Fremont, California, has been producing the lowest cost cars in the GM system without the benefit of any new investment, he is unimpressed by this.

"Fremont is a very simplistic plant. They work on a handcart inventory there—a guy actually *runs round on a bicycle picking* things up," he says with distain.

Clearly technology captures his imagination more readily than such simple solutions. Indeed, a schoolboy excitement and awe come into his voice as he talks about the technological promise of his controversial $5bn acquisition of Hughes Aircraft. Hughes is developing electronic collision avoidance *and display systems which will* give GM significant competitive advantages in future generations of car technology.

Even more exciting is Project Trilby, a $100m research programme to "systems integrate the auto." Systems integration has never been applied to the idea of driving a motor car, and "the human being is pretty lousy at doing that." Now Hughes "doesn't build a missile, it builds a system to down enemy *aircraft." So the synergies are* pretty obvious to Mr Smith.

As similar enthusiasm takes hold when Mr Smith refers to EDS, which GM bought three year ago for $2.5bn. EDS was "tremendous in very large-scale integration." The skills it now has in computer integrated manufacturing are something that eventually "every large US manufacturing company will need."

But EDS, when it was bought by GM, specialised in integrating payroll and office systems. It had no experience in engineering automation. "The skills were in GM," Mr Smith admits. Former GM computer specialists, transfered to EDS, now form the core of its factory automation business. Why then did GM have to buy another company and then transfer its own engineers to it?

"The way we worked in GM, we had three identical computers with three different teams in three divisions all working on these problems. With EDS we got it all put together in one spot. If we hadn't got EDS we were prepared to buy a defunct college in Iowa to get that much co-operation between all the computer people."

It seems that simply knocking heads together does not always work at GM—there are too many of Sloan's smoothly functioning impersonal committees in the way.

Personal File

1925 Born Columbus, Ohio
1949 MBA degree of Michigan University; joined GM financial staff
1971 GM treasurer
1973 In charge of all non-automotive and defence operations
1981 Appointed chairman

JUSTINIAN

Anomalies of a high office

IT WAS a nervous Sir Michael Havers who took the oath on office as Lord Chancellor in the Royal Courts of Justice before the Lord Chief Justice and the serried ranks of senior judges, the new Attorney General and a sprinkling of silks and junior counsel at the bar.

Sir Michael's nerves were again apparent when sitting on the Woolsack in the House of Lords he was seen initially to wear the Lord Chancellor's tricorn hat back to front. Nervousness has not been con*fined to the new occupant of* this high office, for the legal profession has itself been asking all last week, does this appointment indicate a change in the politico-legal aspects of contemporary Government?

While Sir Michael has been a very popular figure within the legal profession nobody—least of all himself—would regard *him as a legal luminary. His* talents as Attorney General have been more in sound political judgment than in legal brilliance and he has shown political courage in the face of some public hostility towards his decisions and actions.

His appointment to the Woolsack is not only just reward for governmental service but also reflects the modern practice of Prime Ministers appointing Lord Chancellors on the exclusively political grounds. Since the Second World War the common pattern has been to appoint a lawyer who has been an MP, *Solicitor-General or Attorney-General* or even served as a Minister of the Crown.

It was Robert Peel, who said that it was unlikely that the man chosen on political grounds to hold the Great Seal would not be of the highest standing and eminence in the profession.

Some, but not all of the post war Lord Chancellors could claim to qualify according to the Peel criteria. Lord Hailsham, amply satisfied that criteria. He had been active in the Conservative party for over 30 years, an MP from 1938 to 1950 and from 1963-1970. In the interval he sat in the House of Lords as a Conservative peer and *after 1956 held various* offices in Government. His election for the office of Lord Chancellor in 1970 and again since 1979 attracted the unqualified confidence of both Bench and Bar although in the last year or so the relationship had become strained as political considerations appeared to dwarf the Lord Chancellors' expected role *as Protector of* the Judiciary and the legal profession.

Given this new found vulnerability of judges and lawyers to the political climate of the day, the profession had hoped that Lord Hailsham's successor would continue to match the Peel model. In that way it was expected that the profession would be spared the colder winds of change blowing from Westminster and Whitehall.

Paradoxically, however, the profession may find that the new Lord Chancellor will serve its interests rather better than might have been predicted. *Earlier this year, Lord Hailsham* had issued a consultative paper Civil Justice Review, a document which sent shivers through the judiciary and most practicing lawyers.

The main thrust of the review was a proposal to simplify the process of civil litigation by a merger of the County Court and the High Court into a single means of access to law. Whatever its intrinsic merits, the proposal was perceived as a takeover bid by the bureaucrats in the Lord Chancellors department from the judges and court administrators of the whole administration of civil justice.

Incidental proposals to have some high court judges resident full time *out of London* and to lengthen the court room hours of sitting were taken as signs of a creeping bureaucratic magnetism. Lord Hailsham had shown his keenness to round off his period of office with a reforming zeal—he has always advocated change where change is demonstrably demanded but not otherwise. He had hoped *for another year* or two in office to complete the task of legislating his department's proposals which have his own special imprimatur on them.

Sir Michael Havers has had little say in the production of the civil justice review and is certainly uncommitted. His leanings will be to placate the judges and lawyers by dropping the whole project although the clear need for substantial changes in civil litigation will call for some, perhaps less ambitious scheme.

Sir Michael might feel more disposed to opt for the family court solution, leaving the two divisions of the High court—Chancery and Queens Bench—*to amalgamate with sequential* changes. The judges in the family division of the High Court — which includes Mrs Justice Butler Sloss (Sir Michael's sister) are known to favour some more or less radical reorganisation of the various jurisdictions dealing with family problems.

In a Conservative *administration* which is engaged in radical Government, the legal profession may in fact welcome the Head of the Judiciary seeking to exercise judicial functions in the Appellate Committee of the House of Lords a function which Lord Hailsham performed not infrequently as other demands on his time permitted, and *instead* defending in Cabinet and Executive Government, the vital interests of the legal profession.

If this is the trend the time may come very soon for the Government to reflect on the anomaly of the office of Lord Chancellor under a traditional theory of the separation of powers, where in fact the Lord *Chancellor* combines the three functions of government—judicial, executive and legislative.

THE RAT RACE
Smith & Westhaill

OH...AND CANCEL MY SUBSCRIPTION TO GOURMET INTERNATIONAL

THE ARTS

Architecture/Colin Amery

There is no alternative

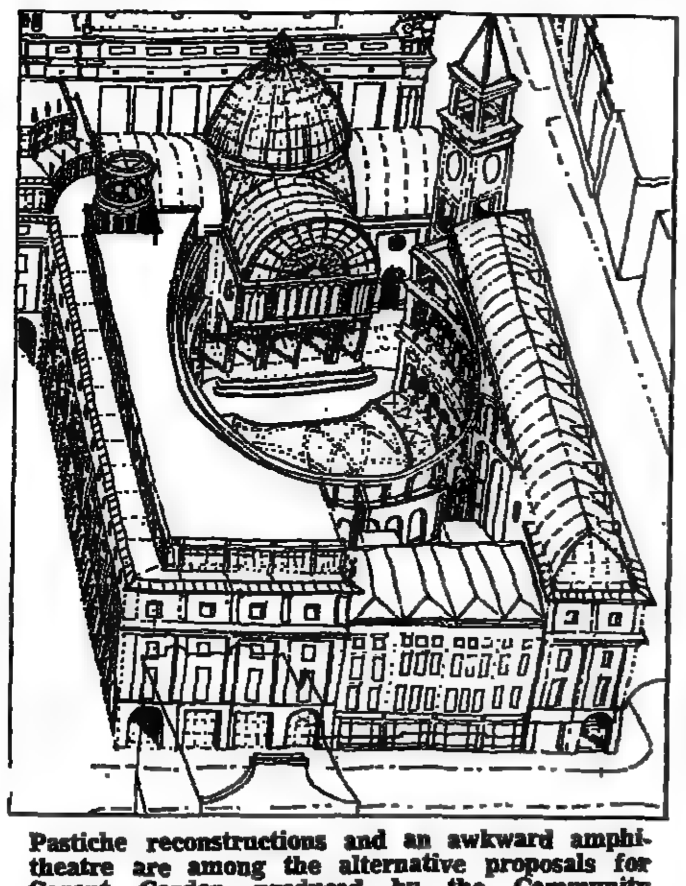
If Mrs Thatcher was the President of France about to celebrate her third term of office she would at this moment be considering a grand, new public building to commemorate her triumph and to remind future generations of her taste, learning and cultivated achievements. Indeed should Mrs Thatcher suddenly be transformed overnight into an English Mitterrand she would be immersed with her architects and designers night and day planning new museums, opera houses, centres of culture and science like some fevered Prince Albert.

But this not the British way, and not by any stretch of the imagination likely to be Mrs Thatcher's way. Her Government has made it quite clear that it is not going to be signing many cheques for the arts—the spirit of self help and private enterprise has to penetrate the soft underbelly of State subsidy—in the arts as everywhere else.

Take the long running saga of the Royal Opera House. It struggles on nobly in the mid-19th century buildings designed for it by E. M. Barry, which are by any standards awkward, inadequate and in need of substantial refurbishment. The auditorium is, however, a wonderful place for music—the faded plush and gilding appropriately redolent of galas and in substantial pageants.

To match the facilities of the major European opera houses Covent Garden needs new side and rear stages, new storage, new studios for the ballet—not to mention improved areas for the public. In the 1970s the Labour government provided the two acres of land between the opera house, Bow Street, Russell Street, the Piazza and James Street for future development but provided no money.

The removal of the fruit and vegetable market made all sorts of new developments possible in the area and in 1982 the Royal Opera House was able to complete Phase One of its long term development plan with the rehearsal room block on James Street. This was designed by the architects Gollins Melvin Ward in a style that succeeds in making it look as though Barry had designed it in the first place.



Pastiche reconstructions and an awkward amphitheatre are among the alternative proposals for Covent Garden produced by the Community Association.

To complete their present proposals to bring the opera house up to scratch the Royal Opera House Development mittee in February this year and have now been revised for reconsideration at the end of this month.

Enormous trouble was taken to find the architects who could Board has already submitted to the City of Westminster detailed proposals which were considered by the planning comfulfil a demanding brief that would not only satisfy the needs of the opera house but find ways of providing an appropriate way of adding some commercial buildings to the site to provide the capital for the opera's expansion and renewal.

The architects chosen, Jeremy Dixon working in association with Bill Jack of Building Design Partnership, have produced a solution for this delicate London site that is ingenious, elegant and practical. It also manages to provide elements for the opera house, like the reinstated portion of the Floral Hall and a "double-helix" staircase that will be memorable and dignified. I have written before about their proposals when they were publicly exhibited earlier this year. They have now been revised and can be seen throughout June (Monday to Saturday, 12.30 to 7.30 pm) in the James Street building of the opera house.

It is necessary to look at them again because everyone from the Prince of Wales to the most casual passer-by at the Plaza screen version of the recent Domingo performance, has been inundated with counter proposals from the Covent Garden Community Association. A part of their proposals is shown here.

The Covent Garden Community Association is a successful activist group which did a lot (but by no means everything) to secure the future of the Covent Garden area after the removal of the market and the defeat of the horrendous proposals of the then GLC. The Association is due soon to attend a meeting with the opera house to be chaired by Sir Claus Moser, when its proposals will certainly be looked at. I would like to look at them in architectural terms. They are unbelievably thin. A careful comparison with the intricate work of Jeremy Dixon in fact makes them look sadly amateur and ill-conceived. They propose the total reinstatement of the Floral Hall complete with its dome that burned in 1956, and a outdoor amphitheatre and campanile that are just token efforts at a sub-Italian populism.

What the Community Association has failed to do is to show how its scheme could be funded or how it could help to fund the improvements to the opera house. It is time that organisations like this realised that they have to be able to demonstrate effectively that their alternatives are viable. It is noticeable that the Jubilee Hall scheme which the Community Association architects have themselves designed, also depends for its viability on the marriage of commerce and community uses.

The objectors are right to point out the undesirability of a 300-car underground garage that has been demanded by Westminster as part of the opera house scheme, but there is a need for the 1000 or so workers at the opera house to have some parking, particularly for those working unsocial hours. They are also right to try to have improved links with the Tube station, but who will pay?

It is easy to come up with solutions to problems if one can write one's own unrealistic brief, as the Covent Garden Community Association has done. But the fundamental question remains—who is to pay for the £56m improvements to the opera house? The Government is not run by M. Mitterrand.

It is worth emphasising that of the land given to the opera house some 61 per cent will be developed for the theatre and public arcades and the remaining 39 per cent for offices and retail developments that will provide capital funds for improvements. The balance seems, in the present climate to be a reasonable one.

The financial equation is a difficult one to balance because the benefits of commercial development weighed against the costs of the opera house improvements leaves a gap (at the gloomiest estimate) of some £23m. Clearly this could be met by personal and company guarantees. It could also be met by more innovative financing — single property unit trusts or other forms of public shares that would show a profit for those prepared to invest.

Clearly Westminster will have to insist upon a legal agreement to ensure that funds are found to complete the development in its entirety. But money cannot be obtained until Westminster grant planning consent and the scheme is seen to be a reality. Sir Claus Moser has said that unless the funds are secured by October, 1988, none of the scheme will go ahead. That would be a tragedy.

Once planning permisison is given on June 30, and I am sure it should be, the architect can still refine and improve his scheme and indeed, things like the car park be resolved. But until planning consent is forthcoming funding cannot start and further delays would be both undesirable and unnecessary. It is time reality intervened in Covent Garden. It is time the Piazza was completed and Dixon's designs do this well. His offices are not monolithic hulks although his new entry towner on the corner of Russell Street needs refining and in general terms his whole architectural although his new entry tower more vigour. This will surely come when the planners seize the best chance they are going to be offered to make the opera house, once again, the gloss on the apple of the whole of Covent Garden; which it deserves to be.

Eisler/Almeida Theatre, Radio 3 & BBC 2

Andrew Clements

The climax on Saturday of one strand of the current Almeida Festival also took the festival on to television for the first time. Its programme celebrating the songs of Hanns Eisler was relayed on Radio 3, and the second half carried by BBC 2. As well as signalling the increasing importance of the Almeida as an annual platform in London for 20th-century music of all persuasions, the exposure also underlined the centrality of Eisler's achievement to this year's offerings, both in its own right and as an example to the so-styled "Third Viennese School" of Schwertsik and Gruber.

Schwertsik and Gruber presided over this survey, both as conductors of the Die Reihe and Almeida Ensembles and, in Gruber's case, as the evening's "chansonnier." Those already resistant to his self-consciously arch performing style (for which his own Frankenstein!! is the ideal vehicle) might have been disturbed by Gruber's annexation of songs that can bear a perfectly straightforward delivery. The range of Eisler's work represented was wide, from the early Pierrot Lunaire-like Palmström, through the political parables with a variety of authors in the 1920s and early 1930s, and on inevitably to the fruits of the long-lasting collaboration with Brecht, yet each facet was given a distinct and highly effective colour; there was never any doubt that this was a sincere act of homage on the part of the performers.

Though Brecht's massive influence seemed to pervade every aspect of the evening, his texts appeared in only four of the songs, but those did form emphatic and natural highpoints: "Bei der Kanone dort" and the "Kälbermarsch" from Schweik in the Second World War, and the magnificent "Die Ballade vom Wasserrad" and "Lied von der belebenden Wirkung des Geldes" from the mid-1930s. The rest seemed designed to show Eisler as a pecularly Viennese composer, responding as instinctively to the poetic demands of a text as Schubert, happy to let popular idoms lie alongside songs in which tonality is, if not abandoned, at least put into abeyance.

How far the programme went to convince the sceptics of Eisler's significance in the history of 20th-century music I can't, as an enthusiastic convert already, judge objectively. Certainly the BBC presentation made an attractive package, with short documentaries on the Almeida's Viennese theme and Eisler in particular placed around the concert relay. The performances too were winningly idomatic, with marvellous solo playing from the members of the joint ensemble in both the songs and the orchestral suites from the films Niemandslied and Kuhle Wampe which closed each half. A memorable and invaluable evening.

*

Kurt Schwertsik was born in Vienna in 1935, and in 1959, with his fellow Austrian the composer Friedrich Cerha, he founded the contemporary music ensemble called "Die Rehe." In the following years of the 1960s and the early 1970s he became identified with the German neo-romantic movement—that late flowering in Germany (delayed for some 40 years by the overwhelming influence of Schoenberg in particular and the Second Viennese School in general) of the intimate, light-hearted neo-classicism of Poulenc and Milhaud, and also perhaps (further delayed for some 60 years) of the dry, acerbic fantasy-world of Erik Satie.

The most pervasive qualities of the concert devoted to his work by the Almeida Festival last Friday were good nature, good humour, transparent sincerity, and a great quantity of genuine, infectious charm. Schwertsik's music is homespun, witty, nostalgic, vegetarian, politically liberal (he could never have cohabited artistically or politically with Cornelius Cardew for longer than the half-dozen years he managed in the 1960)s, intelligent, anti-authoritarian, widely-read, and deeply in love with tradition.

One couldn't fail to respond to the Cinq chansons cryptiques to texts by Satie (on this occasion sung by the composer, accompanied on the piano by the soprano Christa Schwertsig, his wife: the duo was more commonly the other way round), or to the tiny Transformation scenes for instrumental ensemble, taken from the opera which Schwertsig wrote for Stuttgart in 1982, Das Marchen von Fanferlieschen Schonefusschen—delicious little commentaries, delicate, ebullient, exquisitely scored, and beautifully played in this concert by the instrumental ensemble Circle.

There was nothing in the programme one could object to, or even puzzle over—and I mention this without the least pejorative or cynical overtone. Everything was lightness, and ease, and serious, delicately pointed nostalgia. Peter Altenberg's (the same poet who inspired Alban Berg's Altenberg Lieder op. 4) marvellous, bittersweet poetical invocations are quintessential Schwertsig material—and his settings of Altenberg's Gedichte an Ljuba, culminating in Hanns Eisler's solitary setting from the cycle, which Schwertsig designed his own contributions to "lead up to, in the musical as well as the poetical sense," are a muted and quietly arresting homage. His Nachtanz—a brilliant collage for instruments that is almost pastiche, but never quite as obviously derivative as one has a right to expect—was the evening's finale: at one gay and solemn, shot through in every measure with melancholy laughter.

Dominic Gill

Jews in Germany under Prussian Rule

Jackie Wullschläger

Hindsight plays many tricks, and memories of the Holocaust have tended to cloud how closely German and Jewish interests once resembled one another. A mainly photographic exhibition, Jews in Germany under Prussian Rule (to July 19) comes at the tail end of the Festival of German Arts, and manages, in three smallish rooms at the Warwick Arts Trust Gallery, to hop across centuries and national borders, throwing up a plethora of new historical parallels and paradoxes.

None is more striking than the bonded fates of German Jewry and German nationhood. On the crest of an industrialising wave in 19th century Prussia, power and profit came to Germans and Jews alike; in both cases, a most precarious sense of identity lay troubled underneath. For hot on the heals of Jewish emancipation in 1869, German national unity in 1870 seemed to imply a new mood of tolerance; who could have guessed that, within a single lifetime, Jewish disabilities and German division would be back with such vengeance?

Following the large black and white panels from medieval pogroms through assimilation to Nazi genocide, it is the photographs, sketches and cartoons that do the work of cultural autobiography. The 19th century is at the heart of this exhibition, and like a class of school-leavers, it piles up its alumni — whole boards of Jewish doctors and lawyers, teachers and bankers.

In our own century, it is the scientists and artists who catch the eye. Einstein, bemused, stares out from his study; a young Klemperer meets Stravinsky in Berlin; a flamboyant poseur turns out to be the cabaret and theatre director Max Rheinhardt.

What they shared—and the mostly rigid stances, the self-definition achieved through an austere professional image, makes this clear—was a subscription to the material and cultural life of imperial or Weimar Germany. Few, perhaps, had got there by Heine's desperate ticket of admission, the baptismal certificate, but most would probably have agreed with the old French lady who, when asked why she did not convert, replied: "J'ai trop peu de religion pour en changer."

Assimilation was their faith, and most were too far down its line even to consider Herzl's alternative, Zionist path. In general, this is a painfully honest exhibition, but to my mind it falls short of showing how greedy most Jews were for acceptance, that yearning to belong that made even a Rothschild fawn on Bismarck for honours, only to be given the Red Eagle in a form specially designed—it lacked the cross at the base—for Jews.

Success induced a sense of safety from within, rancour from outside, and the downward spiral was assured. In the comparative lull of the 1920s, it is refreshing to turn to another broad canvas, the minority of Eastern European emigré Jews who lived worlds away, though just round the corner from Berlin's fashionable Alexanderplatz, in the "Scheunenviertel."

This is a more cosy version of the family album, compiled on the street rather than in the drawing room. Packed together with Hebrew shop signs, Jewish restaurants and synagogues, and apparently oblivious of the camera, are rabbis in full traditional dress, grizzled old men, children both charming and disgruntled.

Ten years on, this world has vanished, and the children emerge wearing yellow stars. Early warning signs, like the assassination of Walter Rathenau as he broke into the ranks of high public office, are well documented here, but the final atrocities are condensed into four sparing images, a corpse and a survivor, a mass grave and a wondering child. The exhibition sets out to explore how the Nazi era came about, its last shocking scenes still leave us finding it hard to fathom.

David Bedford 50th birthday/Spitalfields Church

Paul Driver

David Bedford was prominent during the 60s and early 70s as a composer with a line in gently controversial avant-garde techniques and memorably odd titles (eg Star Clusters, Nebulas and Places in Devon, A Horse, His Name was Hunry Fencewaver Walkins) who also involved himself with the world of pop-music, performing in The Whole World band and doing arrangements for Mike Oldfield and others. Over the years his interests have concentrated increasingly on educational music (he has written numerous school operas) and his style has mellowed into something tonal and systemic and curiously bland. On Saturday, as part of the Spitalfields Festival, the Endymion Ensemble promoted and performed a 50th birthday celebration concert of his music, including the Symphony for 12 Musicians which was a Spitalfields commission of 1986 for the Endymions, and a couple of his educational pieces conducted by himself.

Four Greater London schools were involved in the latter. Bedford went into schools in Barnet, Camden and Pimlico in preparation for this concert to work with groups of children on a piece, Seascapes, originally commissioned by the Scottish Chamber Orchestra and Scottish Postal Board. It contains 12 short movements variously employing professional instrumentalists, school instrumentalists and school singers, and four of the movements are in fact composed by children on the paradigm of the preceding movement by Bedford. Thus the movements entitled "Waves," "Ice," "Mist and Snow" and "Storm" all came twice, and it was striking how in each case the child's version was much the more vividly onomatopoeic. Bedford's choral writing in the three shanties and a song that are part of the scheme was dreary and old-fashioned sounding in the extreme.

A silly and jolly piece from 1971 in which the children did things to balloons (Balloon Music) came next—the scrapings, hissings and explosions resembled an early work by Penderecki mounted on a happily low budget. The first London performance of Diafone for flute and vibraphone was skilfully given by Helen Keen and Martin Allen and the short piece was appealing in its cute and anodyne use of deliberately repetitive patterns and chord sequences. But the longer Sextet for five winds and piano, receiving its UK première, was a stupefying affair, its debt to minimal music all too apparent, and its pop gestures sickly.

T. S. Eliot in the West End

Let Us Go Then, You and I, an anthologised reading of works by T.S. Eliot opens at the Lyric, Shaftesbury Avenue, tonight for a four week run.

Based on Peter Ackroyd's biography of the poet, the linking narration will be read by Joan Bakewell, the poetry by Edward Fox, Eileen Atkins and Michael Gough. Originally presented with success at the Studio of the Lyric Hammersmith, the production was reviewed in these pages by Martin Hoyle, who favourably noted such contributions as those of Mr Gough as Prufrock and Mr Fox in The Wasteland. In an extensive programme that includes Four Quartets and Portrait of a Lady, the wit and intelligence of Eileen Atkins shine out. The director is Josephine Hart.

David Bowie/Wembley Stadium

Antony Thorncroft

It is time to blow the whistle on rock concerts at Wembley Stadium. Admittedly the English mid-summer weather accompanying David Bowie on Friday—chilly, wet, and cheerless — was an unavoidable dampener, but there must come a time when the fans realise that paying good money not to see their idol is a nonsense.

For a performer like David Bowie it is more than a nonsense: it is a tragedy. Bowie is charismatic but when reduced to the size of a thumbnail, for that majority of the audience viewing him from several hundred yards away, he comes over as about as charismatic as a whitlow.

As an aide-memoire of what the man is like—and he never changes, permanently frozen at around 1977 — there are giant screens which, inevitably, command the attention. One screen transmitted a fuzzy image that looked as if it was being beamed from South America, with very bad synchronisation between sound and vision; the other only came into action half-way through the concert and was dark and tired-looking.

Bowie did not help by making his act complex and visual. There was a team of six dancers who descended on to the stage from a white spider which hovered overhead (this is the Glass Spider tour) and who for over an hour completely got in the way of the singer by lying on their backs and wiggling their legs in the air; performing jujitsu; and acting out with him the dubious story lines of his songs, as in "China Girl." There was no way these irritating, and badly performed, antics could be deciphered by viewing the stage, so it was back to big screen gazing.

When Bowie returned from a costume change—off with scarlet suit; on with silver number complete with nappy effect—things improved. He descended on a high wire, and was immediately bound up in ropes for "87 and Cry," but, after securing his freedom, he dashed through some of his best numbers—"Let's Dance" and "Modern Love"—backed just by his proficient band in which Peter Frampton featured. By now things were beginning to warm up musically, but the sheer bleakness of it all had already sent thousands home for an early bath.

I am sure that in a compact setting I would have been caught by the Glass Spider. There is some effective horseplay when Bowie is manhandled by the troupe, and his voice has lost none of its penetrating guile. He still seems obsessed with banal sci-fi hocus-pocus in the incompetent attempt to add some theatrical commentary to the performance but the man himself delivers. He said how nice it was to be back home after four years. It is a pity that his muti-millionaire status forces him to maximise a visit by milking money-making, but joyless, Wembley.

Needlework sale

A collection of English needlework, including the Penn Family purse, thought to have been made in the mid 17th century for Admiral Sir William Penn, will be sold by Christie's, South Kensington, tomorow at 2 pm, and not today as reported in Saturday's Financial Times.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

June 19–June 25

Music

SPAIN

Granada's Festival includes this week Tolbuhin Chamber Orchestra conducted by Dapov and Sophia Madrigal Chorus conducted by Kralev with a two day programme; Monday, Purcell, Vivaldi, Respighi and Ramos Roldan Samiñan. Tuesday: Corelli, Vivaldi, Telemann, Bach, Haydn and two premieres by Jose Barrera and Fernando Sor. Auditorio Manuel de Falla. Wednesday: guitar concert by Flores Chaviano: Lauro, Ardevol, M. Ponce, Chavez, Ginasterra and Viallobos. Thursday: concert by Josè Maria Pinzolas: Albeniz's 'Suite Iberia' (Homage to Rubinstein). Both concerts at the Patio de Arrayanes.

ITALY

Florence: (50th Maggio Musicale): Teatro Commnale: Zubin Mehta conducting Haydn's 'Creation' with soloists Kathleen Battle, Gosta Winbergh and John Tomlinson (Sat, Sun, Wed, Thur). The Orpheus Chamber Orchestra with violinist Gidon Kremer: Mozart, Schubert, Schnittke, Stravinsky (Wed) and Vivaldi, Brahms (Thurs). (2770236).

Milan: Teatro alla Scala: Wolfgang Sawallisch conducts Mozart's Symphony No 20 in D major, Richard Strauss's Don Giovanni and Shostakovitch's 5th Symphony (Sun) (80.91.26).

Rome: Villa Medici Festival (Accademia di Francia, Piazza Trinita dei Monti 1). Andrew Davies conducting the Santa Cecilia Orchestra in Berlioz's Le Corsair Overture, The Death of Cleopatra and Harold in Italy – Symphony No 16, with soloists Felicity Palmer and Bruno Gizranna (Sat) (67811).

Spoleto: (30th Two Worlds' Festival): Teatro Caio Melisso: midday concert (Thurs) (40265)

Sermoneta (40kms. s.e. of Rome) 23rd, Pontina Music Festival: Castello Caetani: Prater Ensemble Wind Octet playing Beethoven, Mozart and Schubert (Sat). Info: (48251-Latina).

LONDON

Royal Philharmonic Orchestra conductor Andre Previn with Anne-Sophie Mutter, violin. Beethoven, Prokofiev. Royal Festival Hall (Tue: Wed – all Beethoven). (928 3191).

Philharmonia Orchestra, conductor Francesco d'Avalos, Anne Evans, soprano: Wagner programme. Barbican Hall (Tue) (638 8891).

Every Good Boy Deserves Favour – Tom Stoppard and Andre Previn's piece for actors and orchestra. Elizabeth Hall (Tue, Wed, Thur).

Vladimir Ashkenazy: piano. Schubert, Schumann. Royal Festival Hall (Thur).

London Symphony Orchestra conductor Michael Tilson Thomas: The Gershwin Years. Barbican Hall (Thur).

NETHERLANDS

Amsterdam, Concertgebouw: Leonard Bernstein conducting with Helmut Wittek, boy soprano. Schubert, Mahler (Wed, Thur) (718345).

Amsterdam, Paradiso; the Asko Ensemble conducted by Peter Eötvös with Taco Kooistra, cello. Ligeti, Eötvös, Carter, Torke (Mon) (211).

TOKYO

New Japan Symphony Orchestra, conducted by Shuji Tanaka with Kotaro Sato, piano: Bernstein and Gershwin. Tokyo Bunka Kaikan (Mon) (2579996).

Tokyo Symphony Orchestra conducted by Kazuyoshi Akiyama with Midori Gotoh, violin: Strauss, Prokofiev, Brahms, Schönberg. Tokyo Bunka Kaikan (Tue) (3626704; 8247003).

Japan Philharmonic Orchestra and Shin-Yukai Chorus conducted by Naoto Ohtomo; alto saxaphone Kenichiroh Mutoh. Satie, Glazunov, Ravel. Tokyo Bunka Kaikan (Wed) (2345911).

Cambridge Buskers: Bach, Vivaldi, Mozart. Toshi Centre Hall, Akasaka (Thur) (5458848).

NEW YORK

Juilliard Concerts (IBM Gallery): Concert Brass Ensemble perform music for brass ranging from the renaissance to contemporary music (Wed, 12.30). 56th & Madison.

WASHINGTON

Mostly Mozart Festival (Concert Hall): Festival Orchestra conducted by Gerard Schwarz. All-Mozart programme (Wed); Haydn, Mozart, Beethoven (Thur). Kennedy Center (2543776).

Saleroom/Antony Thorncroft

Good news from Monaco

There were some good omens for the British Rail Pension Fund, which disposes of its collection of Old Master prints at Sotheby's next Monday, from Monaco over the weekend. Another important collection, the Old Master drawings of Dr Michel Gaud, came under the hammer and made £1-287,000, slightly above forecast and with only 10 per cent unsold.

The drawings were by Italian masters and dated from the 14th to the 17th centuries. The top price, paid by a Swiss collector, of £105,450, captured a study of a seated nude by Francesco Salviati, which carried a top estimate of £80,000. He also secured a head of a man by Sodoma, drawn in 1535, for £88,800. A drawing of the Last Supper by Agostino Carracci fetched the same sum.

Sotheby's also offered Old Master paintings, for a total of £3,384,400 and 17.5 per cent unsold. It is quite extraordinary how the price of Old Master drawings, and to a lesser extent Old Master prints, are now approaching those of Old Master paintings, which remain comparatively low.

The highest price was the £488,400 paid for a rural scene by Fragonard. It went to a Swiss Gallery at the bottom end of its estimate. An attractive picture of a young servant trying to prepare a meal and fend off the attentions of a greedy cat, which carries the monogram I. F. and the date 1635, was double its top estimate at £233,100. A London gallery bought a scene at the Palais Royal depicting a fine lady purchasing a rose fro ma flower girl by Marchel Garnier for £210,900, also way above estimate.

Perhaps the most successful sale was architectural drawings, a hot market at the moment. A plan of the gardens of the Petit Trianon, Marie Antoinette's jeu d'esprit at Versailles sold for £42,180, around three times forecast, and a project for the facade of the Chateau de Meudon by Le Vau made £35,520.

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The inner city bandwagon

A BROADLY based programme for promoting the revitalisation of the inner cities is likely to feature strongly in the Queen's Speech on Thursday. The Prime Minister herself will chair a special cabinet committee whose purpose is apparently to manage a campaign that is beginning to look like almost as much of a priority for her third term of office as the reduction of inflation was for her first. Evidence of the Government's new-found enthusiasm for such a programme is emerging from almost every department of state. The Department of the Environment, under Mr Nicholas Ridley, will command the largest budget, to be devoted in part to the existing urban programme and in part to the establishment of new non-elected urban development corporations. The Department of Trade and Industry will be responsible for job creation, using the task forces established by its new minister, Lord Young, when he was at the Department of Employment.

The Department of Employment will have its own role to play under the telegenic Mr Norman Fowler. At the Department of Education Mr Kenneth Baker is promoting his new programme for schools to opt out of local authority control as part of a strategy whose purpose is to free the people from the shackles of life in urban ghettoes. Even the Home Office has found a seat on this brand-new bandwagon. Its minister, Mr Douglas Hurd, stressed in a speech to the British Security Industry Association last week that there was a "clear connection between the fight against crime and our proposals for a reform in education, housing and job creation."

Three doubts

Such indications of good intent are to be welcomed, particularly by those who cast doubt on Conservative "compassion" during the election campaign. The merits of the overall strategy have, however, yet to be proved. There are three principal areas of doubt. The first is that much of what is being done could be construed as a means of by-passing local authorities, thus avoiding the painful conundrum of how to reform them. If schools, housing and urban development are to be managed by Whitehall-appointed corporations or worse, directly from Whitehall, the disadvantages of government by bureaucracies responsible to nobody in particular may eventually overshadow any early progress made by direct intervention. The risks are all the greater when several departments are doing the job at once.

The second doubt arises from the Government's ideological distaste for "dependency" and its consequent commitment to reduce the number of people who must be given state or local authority assistance. The primary aim is in itself one that can only be applauded. Just as until now more people have become homeowners, or small shareholders, so in future the greater the number of individuals who are enabled to create their own small businesses, or to become self-employed or to take retraining for available jobs, the better. After all, the expansion of choice — in housing, schools, and elsewhere — is a part of the philosophy upon which the Conservatives stood for re-election and won. What is not so clear is whether the Government fully appreciates that large numbers of people are unlikely to be turned into self-reliant individuals, however much effort is put in by the departments of state. There is a population of permanent or semi-permanent dependents that includes the old, the disabled, and the sick — and also the badly educated and the long-term unemployed, particularly those aged 50 and over.

It is here that the third doubt arises. It has become fashionable to deride extra expenditure in these areas as "throwing money" after a problem that cannot be solved in that way. Experience suggests that this is largely so—but that it is not the whole story. Those who remain dependent will become increasingly costly, particularly as the old become the very old. Programmes designed to lift large numbers out of dependency may usefully draw in private capital (as in the Housing Corporation's programme, or in London's Docklands, or the City Technology Colleges) but success is likely to depend upon a sufficient injection of public funding to back up the various publicly-originated programmes. The present Government is perhaps better placed than any of its predecessors to improve the inner cities, but it cannot be done on the cheap.

Gatt disciplines under strain

EUROPEAN Community foreign ministers are today due to endorse an extension of the Community's anti-dumping rules to products manufactured in Europe out of cheap imported components. The decision will be seen as further evidence of the way in which the EC has lost patience with Japan this year.

The commission insists that its new anti-dumping rules are not directed against Japan in particular but they have aroused considerable anguish in Tokyo. Lumping them together with other measures now on the Brussels agenda creates a clear impression that EC frustration with Japan has reached the point where it is prepared to stray into areas that are at the very least "grey" in terms of the General Agreement on Tariffs and Trade.

These other measures include a threat to impose discriminatory tariffs on Japanese goods diverted to Europe as a result of US trade sanctions and a claim for compensation for the increased access Japan has gained to Spanish and Portuguese markets as their tariffs were cut following accession to the EC. In neither of these two cases nor on dumping can the EC argue incontrovertibly that its approach conforms with the Gatt. That depends on interpretation and the EC case, which appears weakest in the case of retaliation against diversion, can be argued both ways.

Growing deficit

Shifts in trade policy often appear initially as a matter of nuance. The EC has, however, long claimed that what set its approach to Japan apart from that of the US was that it stayed within the Gatt whereas the US felt able to ignore such constraints. Now this approach seems to be shifting. Instead of respecting the spirit of the Gatt, the EC is more concerned to maximise the benefit that accrues by interpreting the rules to its own advantage.

It is easy to understand why this shift has taken place. Europe has to contend with a growing deficit in its trade with Japan which last year totalled some $21bn (£12.8bn). It has made little headway in prising open the Japanese market for its exporters. Industry is worried that US trade sanctions and the weak dollar will lead Japanese companies to divert sales to Europe.

Even where the EC has had recourse to the Gatt as in the case of Japanese discrimination against imported alcohol, progress has been very slow and so far yielded no concrete result. There is also no denying that Japanese business practice includes a host of niggling trade barriers (such as higher insurance charges on imported cars which is due to be raised at bilateral trade talks next month). It is proper that pressure should be unremitting on these points. This should not, however, be taken to the point where Gatt is perceived as an institution to be got round rather than respected.

This is all the more true after last week's Gatt secretariat report that protectionism has increased markedly since the Uruguay Round was launched last September. The number of trade disputes and grey area measures taken by its members rose to 116 in the six months to March from 93 in the preceding six months.

It would be an illusion to think that measures such as those on which the EC is now embarked will do much if anything to correct its trade imbalance with Japan. Not only is the Nakasone administration weak politically; its main trade preoccupation is with the US not Europe and its large trade surplus is due to fundamental factors which cannot be put right by a small but pernicious increased dose of protection.

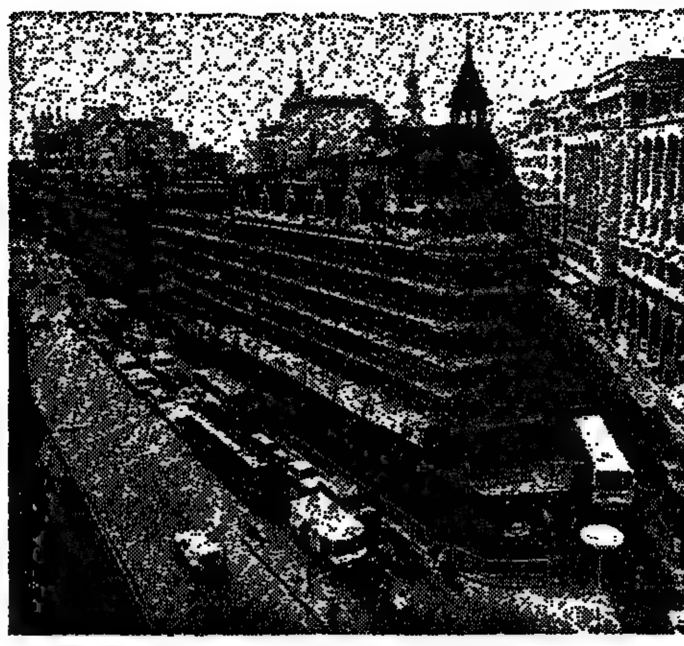
There is a temptation for the EC, which more often than not is caught in the middle of arguments between Japan and the US, to succumb to the belief that blunt pressure attracts attention and brings a more positive response. The US itself has not achieved much in practice from adopting this approach.

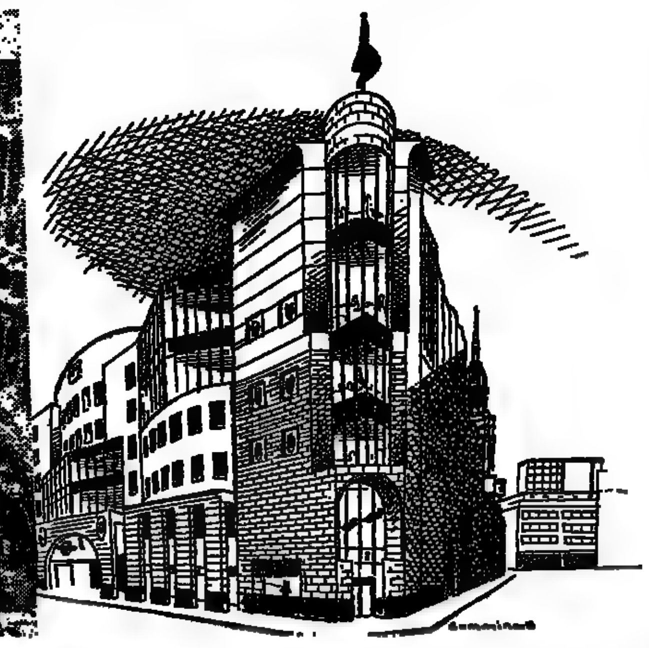
Where its anti-dumping measures are concerned, Europe has much to lose in terms of potential inward Japanese investment. The world at large has a great deal to lose if the Uruguay Round fails. In its dealings with Japan the commission should remember that success in Geneva depends on all members of the Gatt respecting its spirit as well as its rules.

CITY OF LONDON REDEVELOPMENT

This time, it's not a monster

By Colin Amery, Architecture Correspondent





IT was May Day 1984 when the public inquiry began into Mr Peter Palumbo's long-standing proposals to build a tower by Mies van der Rohe on an acre of land opposite the City of London's Mansion House. The inquiry was long and expensive. The Prince of Wales's intervention describing the scheme as "a glass stump more suitable to Chicago" seemed to sum up the general view. The inspector's report, a masterly and balanced document by Mr Stephen Marks, left the door open for a different kind of office development in the future. Although the minister saw the value of the listed buildings on the site it was his considered view, expressed in a letter accompanying the report, that a new building of sufficient architectural quality could be permitted.

His exact words are important. "He did not rule out redevelopment of this site if there were acceptable proposals for replacing the existing buildings. He does not consider that the buildings are of such overriding importance that their preservation should outweigh all other considerations."

That future date has arrived. The City's planning and communications committee meets tomorrow to give or withhold consent for Mr Palumbo's latest proposals. It is a crucial test of the conservation versus development debate in the City, at a time when shortage of office space is pushing rents ever higher.

Mr Palumbo's current proposals are different indeed from the Mies van der Rohe glass tower. The new building is designed by Mr James Stirling, one of the most famous of contemporary British architects. His Turner wing for the Tate Gallery opened earlier this year and it is the architectural quality of his scheme that is on trial.

It is worth looking again at this famous site. The parameters of the development have changed; there is no longer any Mansion House Square, the new scheme is called No 1 Poultry. It is a triangular site, bounded by Poultry, Queen Victoria Street and Sise Lane. The buildings on it at present form a part of the Bank of England conservation area, as extended and defined in 1981. They were described at the public inquiry in 1984 by Mr Ashley Barker, of English Heritage (the Historic Buildings and Monuments Commission for England), as being good and characteristic buildings which show the essential spirit of business and commercial architecture of the 1860s and 1870s in the City of London to very good effect. They are one of the best and most extensive groups of such buildings still existing. Some eight of these 19th century buildings are now listed.

What are the particular qualities of these listed buildings? Much of their charm is currently concealed by a long-standing scaffolding. The most famous and, it is fair to say, best loved building, is always known as the Mappin & Webb building. It was designed by the younger John Belcher, and is an important example of the application of the Gothic style to a multistorey office building. With its gabled entrance in Queen Victoria Street, and the corner tower with its steeply pointed roof, the block brings some of the medieval romance of Victorian commerce to the classical heart of the City.

Other interesting elements on the site include the consciously historicist brick, stone and terracotta block at numbers 12 to 13 Poultry. London relief panels show processions of English monarchs riding through the City ending up with Queen Victoria opening the Royal Exchange in 1844. There is one surviving Georgian block, one of the last reminders in the City of how things looked before the 19th century transformation.

The historical importance of the listed buildings is principally because they form one of the few remaining stylistically mixed groups of commercial buildings of the period 1868 to to 1877 that arose as the result of the construction of Queen Victoria Street. Are they significant enough to be restored and refurbished and preserved for ever? Is refurbishment really possible or would it mean complete rebuilding? Is Mr James Stirling's new design in fact more elegant, more beautiful and more appropriate to this site at the heart of the City's classical forum?

The scheme currently before the City is known as Scheme B. There was a Scheme A that, in order to retain the Mappin & Webb building, proposed tower offices. That was much objected to because it obscured views of St Paul's Cathedral.

What Stirling has designed is a stone and granite building that fills the whole triangular site. It has an elemental solidity with a huge circular drum rising out of an angular glass and stone base. Like much of Stirling's work, particularly the art gallery in Stuttgart, it is an original modern development of a whole range of historical references. The great archway and the duality of much of the design pays tribute to the nearby City Church of St Mary Woolnoth by Nicholas Hawksmoor. This is not a monotonous monolith but a spirited yet solid design.

There will be many advantages for the public in the new building. Much improved entrances to the Bank Underground and at ground level a substantial shopping concourse. Some 50,500 sq ft of the development is devoted to retailing and the total office floor space is some 135,000 sq ft. On the roof level there are gardens and a large restaurant looking on to a sheltered terrace. The current proposals have been reduced in height by one floor to allow the important view of St Paul's to be seen from Cornhill.

There is still substantial opposition to such a major development in a conservation area with the loss of so many listed buildings. In many ways it would undoubtedly be preferable for the City to do everything in its power to encourage the demolition of all the very bad buildings built since the Second World War while fighting hard for the modest enough stock of listed buildings.

However, it is also time to add some good new buildings to the City's stock. By any standards James Stirling's design for this site is original and powerful. We all want better buildings and it is a terrible form of philistinism to resist the creativity of our own times. The City Fathers have allowed such monsters to be erected that one can have little confidence in their aesthetic sensibilities. The City needs good new buildings. Mr Palumbo's latest scheme undoubtedly has the potential to be one of them.

Many hurdles for Mr Palumbo to clear

PETER PALUMBO will not receive planning permission for his office redevelopment. Not yet, at least. He is in a planning straitjacket.

Tomorrow the City of London planning committee may recommend that his plan goes ahead. That is doubtful. The Common Council of the City—all the elected members of the Corporation—may agree. That is equally doubtful.

But, even assuming that Mr Palumbo clears those two hurdles, English Heritage has to agree to the demolition of the listed buildings that would make the redevelopment possible. It is known to be against such demolition.

If the planning committee rejects his proposals, Mr Palumbo can appeal to the Environment Secretary. If English Heritage refuses permission for demolition, he can do the same.

In short, another public inquiry seems likely. But it would not be a repeat of that which, in 1985, led Mr Patrick Jenkin, then Environment Secretary, to turn down an earlier set of proposals for the same site.

There are two points at issue. One is the general conservation versus development issue and the other peculiar to the Palumbo case.

The general first. The argument over Mr Palumbo's intentions is at root the conservation versus development argument. In the early-mid 1980s the way that the City of London ought to resolve the dilemma of meeting increasing pressure for space while at the same time keeping intact the historic character of the traditional Square Mile was the source of anguished debate.

But that is no longer the case and has not been since the City Corporation published its Local Plan last year. This plan, dealing with the land use and amenities of the City, sought to reconcile the conservationist lobbies by:

● Keeping the main pressure for development out of the core of the City.

● Making it plain that, within specified conservation areas, any change would have to constitute an improvement in the appearance of a building and its immediate neighbourhood.

The plan said there would be "selective retention and, where appropriate, improvement by way of new development." Mr Palumbo has to convince the authorities that his Stirling designs are "appropriate."

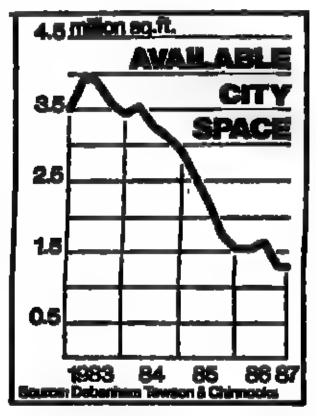
He is not now in a position to plead that the City's economic prospects would be damaged if his 120,000 square feet of new offices is not made available—the other side of that original dilemma.

The Local Plan is not yet a statutory document but it is City policy. It is true that a public inquiry about it has just finished hearings where all the general arguments were again rehearsed. But there are no expectations that the broad lines of the policy will be changed because of the inquiry.

The Corporation has been applying its local plan for a year. This has resulted in an avalanche of planning consents for new office buildings. There are 5m sq ft of offices under construction and there were planning proposals last year for nearly 24m sq ft of new offices.

Building has not yet caught up with demand, however. The amount of available space has declined and rents have spiralled to nearly £60 a square foot within hailing distance of Mr Palumbo's site. But demand and supply are expected to find a balance by 1990.

"I do not regard Palumbo as a test case to respond to the needs of the City's principal ratepayers," says Mr Michael Cassidy, chairman of the City's planning committee. "But it is a test case on matters of design and taste."



On the particular issues raised by Mr Palumbo's plan, English Heritage has modified its outright opposition to demolition on the site. It wants though, to retain the Mappin & Webb building, the apex of the site, as "a cherished building." "There is no reason to suppose our stance will be changed," says Mr Ashley Barker, a director.

This means that the Corporation and English Heritage are travelling on divergent paths. The focus of discussion in the City has not been Mr Palumbo's Scheme A, which would retain Mappin & Webb but Scheme B, which would replace it. The City planning committee will tomorrow consider a recommendation from its officials that Scheme A should be rejected but that Scheme B should go ahead.

Mr Palumbo, then, appears temporarily to have lost the cherished building argument without having won "the taste and design" argument. On the second, all bets on the outcome in City circles are off.

However the Common Council has already shown that if it does not like a planning committee decision it will overturn it. And votes there are likely to be cast subjectively on whether the councillors actually like the Palumbo designs or not.

Paul Cheeseright
Property Correspondent

Men and Matters

Irish play to a different tune

The Irish rugby team inadvertently caused a fuss back home during the just-completed inaugural World Cup, but not because of their disappointing results.

A row began when it emerged that the 15 men in green lined up for the national anthems before their opening match against Wales, pushed out their chests and stood fast for The Rose of Tralee played by James Last and his orchestra.

No wonder the team went down to an ignominious defeat, scoffed many Irish fans. Why not Paddy McGinty's Goat, Phil the Fluter's Ball, or Are You Right There, Michael, Are You Right? mocked an indignant columnist.

For all the joking, the episode touchedo the raw nerves exposed by the division of Ireland into British-ruled Northern Ireland and the Republic in the south.

The Irish Rugby Union is one of the few institutions which embraces the whole island, drawing on players from both sides of the political divide. To avoid conflicts of national allegiance, a convention has long prevailed that while the Republic's anthem, The Soldier's Song, is played at matches in Dublin, none is played at away matches.

Evidently, the World Cup organisers required an anthem for every side participating. Faced with this the Irish, in the words of coach Mick Doyle, plumped for "something totally non-political."

A debate is still rumbling in the letters columns of the Dublin newspapers between those who sympathise with the team's dilemma and those who argue angrily that no apology need be made for The Soldier's Song and its fighting evocation of the battle for independence from Britain.

The Irish Times concluded in a lofty editorial that it was time for a new anthem and an all-Ireland flag for such sadly few occasions of unity.

"Hopeless—you can't get near for British politicians trying to kiss it"

Separate service

Another issue which frays national sensitivities in the Republic is Remembrance Day, traditionally held in Dublin in mid-July.

This year Charles Haughey, the Fianna Fail Prime Minister, has upset Opposition leaders by proposing separate services in the Catholic and Protestant churches for all war dead instead of a single commemoration at Dublin's Garden of Remembrance.

He suggested the change after complaints from some Republican quarters about last year's service. It commemorated Irish soldiers killed in British uniform in the two World Wars as well as those who died fighting the British before independence. A British Legion representative was present.

The leaders of Fine Gael, the Progressive Democrats and the Labour Party all replied to Haughey that last year's ceremony was appropriate and should be repeated, despite the apparent clash of loyalties.

Desmond O'Malley of the PDs said the idea of separate ceremonies was divisive. "It tends to underline the religious divisions on this island which lead to such suffering," he said. The affable Foreign Minister, Brian Lenihan, has been asked to work out a solution.

Hard Knock

Knock Airport, the remote I£14m hilltop airport in County Mayo opened almost literally on a wing and a prayer last June, has had a turbulent first 12 months.

Within weeks of the opening, its founder and inspiration, the wily priest Monsignor James Horan, died while on a pilgrimage to Lourdes. Then there was a legal row with an airline which was to have provided the core services but which never got off the ground.

To cut costs, the airport company has had to put its 24 staff on a week-on, week-off rota and last week terminated a £100,000-a-year, 10-year management contract with British Airports International.

Early hopes of 250,000 passengers and a profit in 1987 have clearly gone by the board. But Knock is not about to give in to the cynics who mocked the "foggy, boggy" airstrip as a certain failure.

Sheduled flights by RyanAir now run to Luton, Birmingham and Manchester. Charters come in from the UK and the US, some bringing visitors to Mgr Horan's beloved Marian shrine in Knock. A freight licence is expected soon. Local enthusiasts, their tongues not wholly in their cheeks, call it the fastest growing airport in Europe.

And what about the fog and the bog?

The bog, all eight peaty feet of it, was bulldozed off the site before the runway was laid, so Knock wil not sink. The fog is dismissed as a myth. Only two flights have had to divert because of bad weather in the last six months.

Londonderry air

John Hume, MP for Foyle and leader of the Social Democratic and Labour Party, has long had a reputation for possessing a string of top-level, Irish-American contacts.

A measure of his success in working these to the benefit of constitutional nationalists like himself was the way President Reagan and the Irish leaders of Congress sounded their full backing for the 1985 Anglo-Irish Agreement almost before it was signed.

Now the Agreement is well in place, Hume is testing the economic worth of his contacts. A bevy of American businessmen is due to visit later this year to look at investment possibilities in his native Londonderry. In the meantime, Hume wants to open up air links to his constituency.

He approached Virgin Airways about starting flights from London to Londonderry. Fine, said Virgin, but we are a bit preoccupied with trying to get permission to fly to Boston, a task which is proving very difficult. Maybe I can help, said Hume. He wrote down a name and a Boston telephone number and handed it to the sceptical Virgin men. Call this man in two hours, he said.

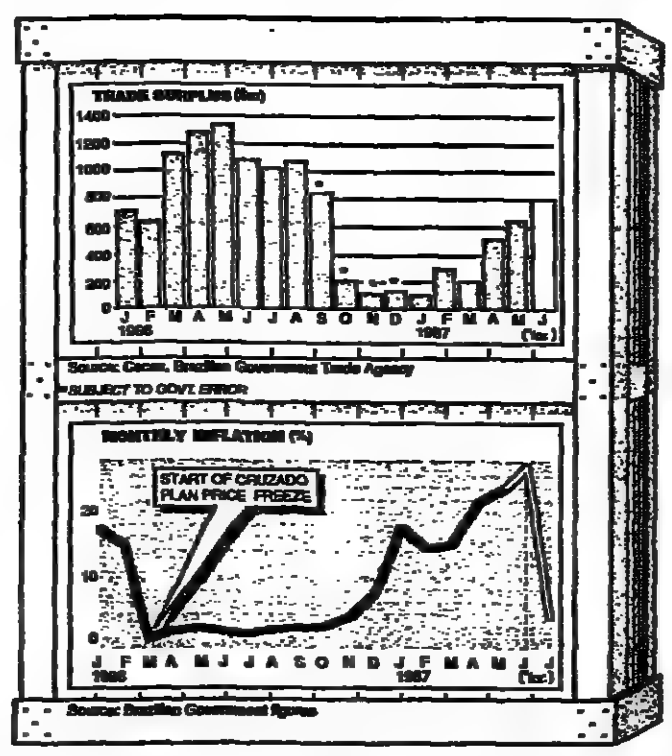
Virgin gave it a try and before they knew it were treated to a red-carpet reception in Boston. If the airline's application is blocked, it is a fair bet it will not be at that end. And Virgin has now filed an application to start flights to Londonderry.

Observer

The Brazilian economy

A new but fragile mood of compromise

By Ivo Dawnay in Rio de Janeiro



BRAZIL is attempting to come in from the cold, but it is far from clear whether the world *of international credit* will make room for its prodigal son at the hearth.

Six months ago, with the collapse of the anti-inflationary, price-freezing Cruzado plan, the government was forced to give market forces free rein. Now, a rapid acceleration in price rises, many of them purely speculative, has left it with no alternative but to reimpose tough curbs.

Prices and wages have been frozen and government spending attacked in the latest *Cruzado Plan, which differs in* important respects from its ill-fated predecessor and may prove to have a better chance of survival. Unlike the earlier plan, the initial stage—which involves a total freeze—is limited to a maximum of 90 days. After that, index-linking will be resumed, but with a difference: increases will be based on past price rises, rather than projected inflation. Wage-push inflation will thus be reduced. In addition, a sharp decline in real purchasing power since last year will reduce the pressure of demand on prices.

Even more importantly, the administration appears ready for the first time to take a grip on swelling federal government deficits.

Two weeks ago, there was no sign of such a commitment. As the man in the street staggered under inflation at an annualised 1,120 per cent, newspapers *carried daily reports* that the Government planned to spend a conservatively estimated $20bn *on top of* the budget.

At the same time, the Government of President Jose Sarney was *forced to* provide $2bn to reduce interest charges on debts incurred last year when borrowing costs were artificially depressed under the old Cruzado plan. State governments also won billions of dollars in federal bail-outs to pay wages bills, bloated by index-linking.

Earlier this month, Fiesp, the powerful Sao Paulo industrialists' federation, said in a public statement that the price/interest spiral had left 30 per cent of Brazilian business technically insolvent. Meanwhile, the costs of supporting artificially low prices and tariffs charged by *state sector* companies rose from around 10 per cent of the federal budget to nearly 20 per cent.

But the final straw was speculative price mark-ups in the shops. Unrelated to real wholesale costs and provoked by rumours of a new price freeze, they fed the inflationary spiral.

This process was dramatically halted just ten days ago by Mr Luiz Carlos Bresser Pereira, the affable new finance minister who succeeded the combative Mr Dilson Funaro last April.

In what is being viewed in Brazil as the *most far-reaching* austerity programme yet attempted, Mr Bresser took the axe to *government spending*. In addition to the new price and wages freeze, he cut all extra-budget programmes, slashed budgeted ones, promised to maintain real interest rates and gave new powers to the Central Bank to curb Treasury extravagance.

Several sacred cows have been tackled, with real rises in artificially low state sector tariffs for electricity, steel, telephones, milk and wheat, a particularly sensitive commodity which normally enjoys a $1.4bn *yearly subsidy.*

Can it work? Most commentators believe the minister has pushed austerity to its limits—but few can see any alternative way out of the crisis. None the less, there is already serious concern that, as the impact is felt in the people's wallets, pressure *from the unions* and the lobbies will be formidable. A one-day general strike is *planned in protest, and* there are signs that politicians are growing uneasy at the threat of a public backlash.

Inflation in June is expected to hit record levels, possibly of up to 30 per cent. But the critical test of whether the freeze can hold will come next month when optimists hope the rate could drop to only 3 per cent.

Most of the inflationary pressure from reduced subsidies should have already worked through the figures. And though prices have still to come down in the shops, consumer resistance is high and working in the *plan's favour. The* stockmarket has given its verdict with a record leap and interest rates are well down.

Now Mr Bresser has turned his attention to the external *front in an* effort to regularise the country's international relations and start on the painful *road to restoring inward investment.*

His strategy—broadly an attempt to shift the focus of the debate on to the international lending institutions and the Paris Club of creditor nations and away from private bank creditors—parallels that of his predecessor, Mr Funaro. But his conciliatory style and softly, softly tactics could *hardly be more different.*

Even more important, the minister is preparing a *negotiating* route *that may well* appear attractive to Mr Funaro's arch-enemies — the commercial banks. Whereas Mr Funaro took the offensive against the banks, declaring a moratorium on interest payments on $68bn in long term debt, the new minister appears virtually to be proposing an alliance.

The Bresser argument goes as follows. The international lenders—in this case the World Bank and Inter-American Development Bank — have traditionally been the agencies for development, and have always been paid both interest and principal in full and on time.

It is therefore, he argues, their responsibility—along with that of the Paris Club governments—to ease the debt burden by *promoting a positive cash* flow to Brazil.

"In the 1960s one third of the debt was to the private banks and two thirds to the multi-lateral lenders. I believe the current *situation* is not a sound relationship," Mr Bresser has said.

Such views are *music* to the ears of the private sector. Less melodious, perhaps, is the *minister's view that the solution* on the commercial lending front is for Brazil to seek re*financing for about* half the interest due over the next two years—estimated at about $7bn. The other half could be met by Brazil out of recovering export surpluses.

To sweeten the pill, Brazil looks ready to offer a range of options for banks seeking either to sell their exposure in the secondary market or convert it to other forms of risk. Mr Bresser insists he would not demand the mandatory conversion of interest into principal.

But Mr Bresser seems unenthusiastic about the increasingly fashionable option of debt for equity swaps. One possibility is that he fears the inflationary effect of the expansion in money supply which such swaps entail. But it is more likely the reluctance is a symptom of longstanding suspicion of foreign capital.

All these proposals, however, depend on whether the country's new mood of *compromise* will extend to an agreement with the International Monetary Fund. All the auguries are positive.

Mr Bresser is now drawing up a *so-called* macro-economic consistency plan. It has noteworthy similarities to an IMF letter of intent, incorporating two year targets for trade surpluses, *growth and public* expenditure.

If this is broadly endorsed by the Fund, their only remaining obstacle is the question of monitoring Brazil's performance.

Aided by two devaluations in two months, Brazil now looks *on course to achieve* a trade surplus of $8.5bn this year and $10bn next. Growth targets of 5 per cent *this year and 6 per* cent next will be more difficult to achieve. But Mr Bresser puts a *low* priority on limiting the public sector deficit to 3.5 per cent of gross domestic product, down from an estimated 6.7 per cent now, and this may worry the Fund.

The minister himself believes that a deal can and must be done. "I have to achieve an agreement," he said last week. "I cannot invent money, or if I could it would only be with a very deep recession. All the bankers I talk to, including the IMF and the World Bank, agree that this would be absurd."

But he warns, "both sides have got to play this game. There is not a very large space *for debate. The realities* of the situation are more important."

Not least of these is the *threat of social and political* turmoil in the Western world's eighth largest economy.

Time to tackle the Euro malaise

By Samuel Brittan

THE LATE lamented Harold Wincott used to argue that the unnecessary resort to Keynesian demand stimulation in the fine-tuning days of the 1950s and 1960s would discredit demand management at a time when it would really be needed.

So it has *proved.* Both the Organisation for Economic Co-operation and Development (OECD) and the Bank for International Settlements (BIS) have published reports on the deteriorating world conjuncture and the disappointment of earlier hopes.

There are two dangers. First, *even if there is no* further deterioration, the projected growth rates are not enough to prevent a *further* upward creep in unemployment in Europe, where it is already alarmingly high, and also in Japan.

The unemployment trend has been best in the US. According to the BIS a growth rate of 2½ to 3 per cent is required to prevent a rise in US unemployment.

In Europe where productivity is rising fast, the BIS estimates that a real *growth rate of 3½* per cent is required to prevent unemployment rising. *European growth has been below this benchmark in every single year since 1976,* and the OECD expects the shortfall to widen. As a result it expects European unemployment to rise by a further ¾m to reach 19¼m, or 11½ per cent, by 1988.

The proximate causes of this disappointment are clear. First oil producers were quicker to cut back spending after last year's oil price fall than oil consumers were to spend *their* increased real incomes—although the BIS is rash to conclude *from* this that all rapid change is bad. Second, the Baker "plan" for debt has been treading water and developing countries have imported less than expected.

Third, and far away most important, Japan and West Germany and their closest trading partners have been hit by the rise of their currencies against the dollar. The immediate impact has been amplified by fears of a trade war and further currency changes, and investment has stagnated.

The European *jobs outlook is* quite shocking, irrespective of whether it provokes riots or the *unemployed grin and bear it.* But there is a further downside risk. The OECD predicts an acceleration in US inflation to 4½ per cent even on present exchange rates. If there is a sharp fall in the dollar, the US inflation outlook would be worse and it is difficult to see how the US Federal Reserve could avoid a sharp rise in interest rates, which would hit both the American *economy* and the less developed countries.

Even worse, the further appreciation of the yen and the D-Mark related currencies—which is the other side of the same coin—would worsen the growth recession in the Old World to a point where no *feasible domestic demand stimulation* could make up for falling orders in export industries.

International forecasters could be wrong. The important thing is to examine the balance of risks.

In the US, there are clear inflationary dangers. But in Japan and Germany inflation remains pretty well vanquished and the GDP deflator increase is in the 0-2 per cent per annum range. In other G7 countries, inflation is also well below recent levels.

Nominal GDP in Japan and Germany *is* now rising by some 2 to 3 per cent per annum, compared with the 5 per cent in Germany and 7 per cent in Japan, which would be compatible with non-inflationary growth. If stimulation is calibrated and targeted in nominal terms, there is an automatic safety catch and there cannot be the inflationary kickback the Germans fear. This lesson has still to be learned.

The tension between the unreconstructed Keynesianism of most working forecasters, who still think of demand management in real terms, and the unreflective financial orthodoxy of their political masters has obscured the message and destroyed the influence of the international economic bodies.

Of course the need to be preoccupied with nominal demand is a reflection of more fundamental weakness. If the German economy had the resilience and adaptability of *the postwar years,* the fiscal and monetary policies of Stoltenberg and Poehl would hardly matter. But it hasn't and they do.

What kind of stimulus do Europe and Japan need? The BIS *insistence that it should* all be fiscal reads too much like the central bankers' trade union passing the buck to governments.

But as anyone can work out on the back of an envelope, a monetary stimulus will lead to more investment and lower interest rates per dollar of extra GDP than a purely fiscal one. The role of fiscal policy is as a back-up if interest rates near rock-bottom, which they have not yet done.

GROWTH OF GDP	Japan		W. Germany	
	nominal	real	nominal	real
1983	4	3½	5	1½
1984	6½	5	5	3
1985	6½	4½	4½	2½
1986	4½	2½	5½	2½
1987*	2½	2	3½	1½
1988*	3½	2	3½	2

* Forecast

Source: OECD

As for the threat posed by the *money and liquidity* build-up stressed by the BIS: central banks just have to be ready to switch engines and raise interest rates sharply if the velocity fall reverses, and excess demand becomes a greater threat than deficient demand. They are paid to deal with the unpredictable.

The BIS is on stronger ground when it appeals to the self-interest of nations rather than the general international good. Neither the abstractions of low growth rates, nor high unemployment concentrated among regional and ethnic minorities, seems to influence European electorates.

The European and Japanese governments will act only if they are persuaded that their ultra-cautious policies threaten prosperity and existing jobs, not directly but when the international feedbacks are taken into account.

The British Government has a chance to fill the international leadership vacuum by forcefully pointing out these dangers. But to do so it will need to embrace a more sophisticated version *of sound finance and good* housekeeping than anything heard on the recent hustings.

Letters to the Editor

Delayed flights

From Mr P. MacNamara.

Sir, — The news (June 18) from the CAA that many flights this summer will be severely delayed, causing some rescheduling at peak times, should come as a clear warning to all those familiar with delays at foreign airports, and who have enjoined the current euphoria espoused by media and government departments for urgent progress in the matter of deregulation of Europe's air services.

Some effects of deregulation in USA have been the loss of 40,000 jobs, the termination or *rescheduling of some* 10,000 flights, and a daily flight delay rate of about 2,000. The current UK problem causing the CAA announcement is due entirely to the proliferation of excess and unwanted flight capacity to Europe's holiday spots. Air and terminal space does not separate schedule from charter, and those who pay the high first and business class fares should note that they will find no immunity from this year's airspace chaos, which will be compounded further if the proponents of deregulation have their way.

Perhaps the most unfortunate assumption about the effects of deregulation, in addition to the supply of further unwanted seat capacity, is that airfares will come down. USA basic domestic fares upon which all incentive fares are based — which therefore include most first and business class fares — have, if anything, increased. For how else *can capacity excesses for* new market expansion at lower fares be financed!

The truth about airfares is that in the month of June 1987, it is possible to buy a return scheduled ticket to almost any point in continental Europe for about £50, in many cases a great deal less. All it takes is a few phone calls. The airlines of Europe already operate in a highly deregulated environment. Their *fare-setting, far* from being a matter of national duopoly collusion, is almost *entirely market* led. Most of them are no longer prepared to let scheduled seats depart empty on the archaic principle that published airfare levels must be maintained. Who would have thought it possible to fly (from Luton) to Dublin on a scheduled flight for just £29? This is but one of countless examples of voluntary *change.*

Those Britons who provide such strong revenue support for the world's airlines should reconsider the effects of excess liberalisation on their tight flying schedules, and they should keep in mind that the EC purpose is to replace one set of fast disappearing rules with another which is legally binding and which will almost totally undermine the good and continuing work carried out by Europe's airlines to provide more flexible airfare choices. Deregulation in Europe, in any *form* other than that dictated by Europe's airlines, will restrict choices, increase delays, ruin time-keeping, and will not lower most core airfares below current levels. If there are still those who believe differently, I urge them to consider the *facts on both sides of* the argument.

Airline seats are not butter. A nation operating its own international airline has its prestige, its social obligations, its massive investments and debts, and its capacity for foreign earnings to consider. Only the most reckless can expect all of them to abandon what they have established, perhaps *over 40 years or more,* to the urgent interference of the Brussels bureaucrats.

Paul MacNamara,
38 Woodlane,
Falmouth, Cornwall.

Darkness and light

From Professor
Dr D. MacLaren

Sir,—In his review of David Thomson's "Nairn in darkness and light" (June 13) W. D. Sholto writes that "after centuries fighting the English, the Scottish people were finally defeated in the 18th century."

I always thought the Scots King became King of England and just over a century later the Scots Parliament voted to join in a union with England. Perhaps he is referring to *Culloden, the last battle fought* on British soil. There the Hanoverian army consisted of Scots and English troops, while the Jacobite army boasted a Manchester regiment. Hardly the final defeat of the Scottish people by the English.

No, Sir, the predominance of England since the 18th century reflects not military conquest, but the greater influence within the Union of the richer, *more powerful partner.* Scottish resentment stems from the feeling that the English know little and care less about Scotland and its problems.

In the end, the Scots may derive some sardonic pleasure from the fact that England, having failed to build up a rival trading block, decided the future of the UK lay in the Common Market, where it will not automatically be the richest *and most powerful* member.

The medicine Scotland has had to swallow now awaits its southern neighbour. Will our children and grandchildren read of smouldering English resentment against Brussels?

D. M. MacLaren.
Oostzijde 103,
1426 AJ De Hoef,
Netherlands.

The price of food

From Mr W. Jones

Sir,—Councillor Clarke (June 18) quite correctly points out that the price and use of land was not an election *issue.* Perhaps even more astonishing was that there was no mention, that I can recollect, of the price of food and yet the policies which this country is forced to adopt under the Common Agricultural Policy costs an average of £9 *per family per week* throughout the country. Here, surely, is an area in which any Government *is vulnerable to attack!* How astonishing therefore that none of the opposition parties even seemed to have noticed this colossal burden which is placed upon consumers throughout Britain and Europe.

Of course the Liberal Party, regrettably, abandoned belief in cheap food for the people at least 20 years ago. One would however have thought that possibly the Labour Party in its *role of protector of the under-privileged,* would have at least made some mention of the price of food in its election campaign. How long are we all going to suffer from the gross distortion and unemployment throughout Britain and Europe which is the direct result of the Common Agricultural Policy?

W. A. N. Jones,
c/o W. H. Jones and Co
(London),
Tower House,
17 Oakleigh Park North, N20.

Leeds as an example

From Mr J. Mordy

Sir, — The article (June 13) on the parties' performance in the election contained one flaw. Leeds was used as an example of the northern cities where the number of *Conservative* Members of Parliament had been reduced. It was inferred *that Leeds had only two* Tory representatives. This is not so. Leeds has eight MPs, of whom *four are* Conservatives. The only change in the city's representation was the gain by Labour of a seat from the Liberals.

Leeds is actually a good example of Thatcherism at work. It has a rapidly expanding commercial and financial services sector. The difference is that any divide is south-north rather than the oft-quoted reverse.

John Mordy.
Milestone, Breary Lane,
Bramhope, Leeds.

Achievable targets

From Mr C. Clayton.

Sir,—Mr I. Taylor (June 17) suggests that the resources devoted to social services are limited by the economic prosperity of the UK. While this is no doubt true in the long term, over the next five years the *limit is* more *likely* to be set by political decisions—including the (previously concealed) *plan to spend on* reductions in the top rate of tax money which could have been directed against public squalor instead of towards private affluence.

Christopher W. Clayton,
Merton College,
Oxford.

Sharing the cake

From Mr D Collison

Sir,—Mr I. Taylor (June 17) "concludes" that the key question is "which policies will maximise the economic prosperity of the UK?"

He has missed an important point. A large cake unfairly *shared may lead to a smaller* sum of human happiness than a smaller cake.

David J. Collison.
18, Whitefauld Road,
Dundee.

Overlooked by a Skyship

From Daphne Birch

Sir,—The photograph of the "Skyship over London" in your aerospace section on June 9 is impressive. Living under its flight path, *however, is not. As* it approaches, passes overhead and then slowly disappears, the *noise is* considerable. Even more annoying is the invasion of privacy. Flying low to give passengers a good view of London also means giving them a good view of my house and into my garden. Last year, I wrote to Airship Industries to object and had two charming letters back assuring me that the service *was experimental and of* short duration. Unfortunately for the people on the ground, it *now seems* to be a regular fixture.

Daphne Birch.
38, Addison Way, NW11.

FINANCIAL TIMES

Monday June 22 1987

By Roderick Oram in Greenville

Far from Triple Witching

ELLEN PUCKETT could not have cared less what Wall Street would get up to on its Triple Witching Hours last Friday. The one-woman trading team of Edgar M. Norris & Co., Stockbrokers since 1949, turned up for work in her office in Greenville, South Carolina, at 8.30 am just like any other morning.

It had all the makings of a typical day in which she would make perhaps 50 to 75 trades through her direct computer link to the over-the-counter market and by telephone to a Wall Street brokerage house for New York Stock Exchange orders. Big days, more than 100 trades, are usually new issue days.

Norris clients are investors, not short-term traders. They like to give stocks time to appreciate, although some local ones hardly need nurturing. Ryan's Family Steak Houses, for example, has doubled in price this year. Once in a while someone will trade a few options but never as part of an elaborate arbitrage between securities to squeeze out a profit.

A world away on Wall Street, the hyper-traders were twitchy about Triple Witching. The ground rules for the once-a-quarter expiry of futures and options on stock indices and options on underlying stocks had been changed. No one was sure whether markets would suffer the price and volume paroxysms of previous expirations.

As it happened, Wall Street ran an orderly riot. A third of the day's exceptionally heavy volume was compressed into the opening and closing of the session – 40m shares in the first 15 minutes and 30m in the last minute. The Dow Jones industrial average closed up 12.72 points at a record 2,420.85.

Triple Witching's "affect on our clients is extremely small to non-existent," said Mr Jan Schipper, vice-president and Dutch immigrant son-in-law of Norris's founder. "They like classic, fundamental securities."

While Wall Street's more rarified products have yet to travel the 800 miles southwest to Greenville, its intense competitiveness has. "When I started there were five local firms – one or two-man operations – and one New York firm," said Mr Edgar Norris, chairman. "Now there must be about 100 representatives in 20 firms."

They scramble for business in a metropolitan area of about 250,000 people. In the past two weeks alone he has received three calls from brokers attempting to sell him stocks. Having taken Mr Norris's name and number from a telephone solicitation list, they were somewhat thrown to learn he owned his own brokerage firm.

"It's surprising to me sometimes that we've been able to survive." What was the key? "Keeping my nose clean, for one thing." He has also been cautious. "I've never been big on the wrong side of things – or on the right. I'm basically very conservative." On the wall to the left of Mr Norris's desk was a cartoon of a man sitting neatly and calmly at a desk. The caption read "Steady Eddie."

Regardless of the competition, Mr Norris feels there will continue to be many opportunities for a small firm like his. Its radio advertising stresses its strength as South Carolina's oldest, native, full-service brokerage house.

It feels that size is no impediment since computers are great levellers. With $30,000 worth of equipment and links to a computer service bureau in Pittsburgh, "we can compete head-on with Merrill Lynch," said Mr Robert Reber, Norris's head of operations. Norris has 38 employees and Merrill 44,500.

Mr Edgar Norris Jr., president, popped briefly into his father's office to join the discussion. But he had to dash off to Hartwell, a town of 5,000 people down on the Georgia border where the firm is opening up its fourth office.

"I hope it is a good opportunity," Mr Norris senior said. "It's an isolated old industrial town with some people of substance who are not covered up by *solicitations* like over here."

If the residents of Hartwell are wondering how to escape the brokerage industry's long reach, they could seek advice from Mr Jim Pearce, another Greenville native. He used to trade stock index futures and Treasury bond futures in Chicago but "it didn't take but a couple of those Triple Witching days for me to get the hell out."

Now he plots long-term investments from computer terminals in his Greenville home and his beach house down on the Carolina coast. Come Friday's Triple Witching, he cast off his fishing boat and "headed as far out in the Atlantic ocean as I could get and I stayed there 'till it was all over."

Patrick Cockburn returns to Chernobyl a year after the power station accident

Cleaning up Soviet nuclear act

SOVIET ARMY reservists were last week at work sawing down a small pine wood contaminated by radiation a mile from Chernobyl nuclear power station. Once the trees and topsoil are gone, the area will be sanded over and seeded with grass.

At the power station iself an enormous steel and concrete shell, which looks like the bottom of an upturned ship, and is known as the "*sarcophagus,*" contains the remains of the fourth reactor, which exploded in the world's worst nuclear accident on 26 April last year.

There has been no real danger of radiation from the plant for more than a year but the results of the original accident, which forced 135,000 people to flee their homes, are proving hard to eradicate. People have returned to only 16 out of 179 villages and settlements abandoned in the first days after the disaster.

Throughout the uninhabited zone around the power plant, bands of clean-up workers, often wearing green military uniform and a white surgeon's mask over the face, are monitoring soil, trees and plants. If these show signs of contamination on radiation meters they are buried in vast pits – the largest of which has been nicknamed the Lubianka, after the security police headquarters in Moscow.

The Soviet authorities have publicised these efforts over the past month by conducting parties of journalists on tours of the nuclear power plant and the abandoned zone. High priority is clearly being given to reassuring ordinary Soviet citizens and the rest of the world that the Soviet nuclear industry, despite Chernobyl, is competent to push ahead with its programme of nuclear power station construction.

A new organisation called Kombinat has been in charge since last October of the clean up of the contaminated area, the operation of the remaining two reactors at the power plant and reconstruction of a third by the end of 1987. It also needs to assure the safety of its own 7,500 strong workforce.

The damaged fourth Chernobyl reactor in concrete container

The Soviet desire to prove that the errors which led to Chernobyl will never be repeated is understandable, but the main impression left by the shuttered villages and abandoned fields in which bushes are beginning to sprout is the length of time necessary to eradicate the consequences of the original accident.

Chernobyl itself is a large and prosperous village 12 km from the power station in the middle of rich water meadows and woodland where in past summers people from Kiev, the capital of the Ukraine, would come to pick mushrooms and fish in the streams. Today visitors are told: "Going out in the forest, walking on the grass and using open waterpipes is strictly prohibited."

Workers at the power station itself were mainly housed in Pripyat, a town of 49,000 people, only 5 km from the plant. They were all evacuated in three hours by 1,200 buses and trucks 36 hours after the accident and the town is now desolate. Between the ugly blocks of prefabricated houses the contaminated top soil has been scraped away and replaced with sand, in which grass and wild plants are beginning to sprout.

On the outskirts of Pripyat there is a cemetery of cars, now mouldering in the summer rains, which were among the 2,000 contaminated vehicles handed over to the authorities in return for compensation after the accident.

Mr Alexander Koralenko, chief of Kombinat's information department, says that contamination levels have fallen sharply over the past year and people could theoretically return to 55 settlements. The problem is that not only must their homes and transport links be decontaminated, with no danger of radiation increasing, but they must also be free to work in factories and fields.

He says about 70 per cent of the 4,000 men at the power station itself worked there before the accident although all specialists had their qualifications retested. He says many of them now receive 1,000 roubles ($1,600) for working a 15-day-month compared with 400 roubles before the accident.

This kind of danger money is clearly attractive because the average Soviet wage is 195 roubles a month. One worker from Uzbekistan in Soviet Central Asia said that he had done his military service working in the zone but took a job in Kombinat when he left the army in May.

The senior staff at the power station is new. Mr Viktor Bryukanov, the director of the plant at the time of the accident, and Mr Nikolai Fomin, the chief engineer, now in jail in Kiev, are to go on trial for gross negligence in Chernobyl's former social centre in the first week of July. Mr Koralenko says he expects they will receive sentences of up to 12 years.

The new managers, many of them in their 30s, look efficient and confident. They are on average about 10 or 15 years younger than the previous management – in sharp contrast to senior directors in most Soviet plants where the average age is frequently well over 50.

The Ukraine clearly needs electricity from Chernobyl but this does not quite explain the decision to keep the plant going. With three reactors operating it will produce just 3,000 MW out of total Soviet output of 300,000 MW

More probably the reason is fear of the damage to the prestige and credibility of the nuclear industry if Chernobyl were completely abandoned.

Spanish protests over bombing

BY DAVID WHITE IN MADRID

EXPRESSIONS of revulsion over Friday's car bomb massacre in Barcelona, including among radical Basque circles normally sympathetic to the ETA organisation, coincided at the weekend with a growing controversy about the authorities' alleged failure to respond to warnings made more than 45 *minutes before the explosion.*

The death toll rose yesterday to 17. In the Barcelona district of Sant Andreu, whre residents hung out red-and-yellow striped Catalan flags pinned with black crepe for mourning, thousands took to the streets to demonstrate against terrorism. Another protest march led by political parties is planned in the city this evening.

Meanwhile, families of more than 30 people injured in the attack were considering legal action against the *authorities and the Hipercor store,* where the explosion took place, over their failure to evacuate the premises despite warnings to the police and to a local newspaper, in which the caller said the hypermarket had also been warned.

Herri Batasuna (People's Unity), the extremist Basque coalition supported by ETA, voiced its "most vehement criticism" of the bomb attack, but it also named the store management and the police, whom it accused of being "intentionally *irresponsible.*"

It was the first time the party had officially condemned an ETA action, although individual members had previously criticised ETA murders and kidnappings.

In European Parliament elections on June 10, Herri Batasuna won a record 360,000 voters, including almost a third from outside the Basque country and about 36,000 in the Barcelona region.

The presence of active sympathisers and the possibility of assis*tance from the Catalan extremist* group Terra Lliure (Free Land) are among the reasons cited for ETA's choice of Barcelona as a new centre *for its terrorist activity in the past* nine months.

The bombing, which claimed more victims than any previous attack in ETA's 28-year history, is seen as responding to a new strategy favoured by the more extreme faction in ETA for a "qualitative leap" in terrorist activity. ETA's attacks have up to now been aimed at selected and principally military targets, rather than indiscriminately against a civilian population.

Distinct from the traditional "pure nationalist" tendency, the faction is believed to be headed by 34-year-old Mr Francisco Mugica Garmendia, known as "Paquito" or "Artapalo," one of a new generation of leaders to have taken over from Mr "Txomin" Iturbe Abesolo, who died in a car crash in Algeria in February, after being deported from France.

*The new ETA hard line is consid*ered more Marxist-Leninist in orientation and more open to collaboration with "Euro-terrorist" organisations elsewhere.

Optimism over UK industry prospects

By Philip Stephens in London

BRITAIN'S *manufacturing industry* remains confident that its strong performance in both domestic and overseas markets so far this year will continue through the summer.

The Confederation of British Industry's latest monthly trends survey released today shows that more manufacturers expect to increase their output during the next four months than at any time in the last 10 years.

It follows official figures last *week indicating that manufacturing* output has been rising at an annual rate of around 4.5 per cent in recent months, about 1 percentage point faster than the economy as a whole.

The CBI says that industry's export order books have continued to swell in June, despite the appreciation in the pound's value since the beginning of this year. That appreciation has eroded some of the competitive gains flowing from sterling's sharp fall during 1986.

The 1,654 companies responding to the survey reported that overall their order books were not quite as strong as in May. Despite that, 45 per cent expect to boost their output over the next four months, while only 8 per cent anticipate a decline.

Over 30 per cent of companies said that their export order books were above normal, while 46 per cent said that they were at average levels and 22 per cent said they were below normal.

The survey also has some encouraging news on the immediate outlook for inflation, with fewer companies than in May expecting to increase their prices over the next four months.

Commenting on the results, Sir David Nickson, the President of the CBI, said they confirmed the pattern of the last few months and showed that British manufacturers were holding their own in export markets.

Seoul Olympics

Continued from Page 1

those two decades have seen widespread bloodshed and protest, no games have been cancelled since the Second World War.

"Games venues are selected six or seven years in advance," said Mr Palmer. "It is difficult to predict where trouble will flare that far in advance." Los Angeles, which staged the 1984 games – and made a huge profit despite a boycott by the Soviet Union and *its* allies – *has* offered to step in and host the 1988 Games. However, in Lausanne, Olympic officials stressed that there were "no contingency plans" for cancelling or transferring next summer's Games.

Despite charges that the international committee has been naive or blind in choosing recent sites for the games, it has selected Barcelona as the venue for 1992. Last Friday, 15 people died in a Barcelona hypermarket bomb explosion generally attributed to the Basque separatist organisation Eta.

When Seoul was chosen in 1981, there was only one other applicant *Nogoya,* Japan. Seoul's bid, the committee says, won on "technical excellence."

Since then, North Korea has agitated for a share of the action. To date, the North Koreans have been awarded two sports – archery and table tennis – plus some cycling and soccer events. They want more.

A committee delegation recently visited North Korea and will report on its observations to the body's executive board before the north-south talks on July 14 and 15. The committee says that "elements of a solution" are in sight.

The Olympic Games have been mired in controversy and bloodshed since the Mexico Games of 1968 which saw the slaughter of 260 students. The last three summer games – at Los Angeles, Moscow and Montreal – were damaged by boycotts.

Express to quit Fleet Street

Continued from Page 1

No final decision has yet been *taken on the southern print run.* The company has options on two pieces of land suitable for the construction of a new "green field" printing plant.

The preferred option is, however, a joint printing venture with the Daily Telegraph on the Isle of Dogs. The Telegraph has already reached a joint venture agreement with Mr Rupert Murdoch's News International at its modern Manchester printing plant as part of the package. United is also considering *launching* a *Sunday* version of the Star, its down-market tabloid daily.

By the end of 1988 Lord Stevens, Chairman of United, may be producing his three national newspapers with a total staff of about 2,500 compared with the nearly 6,800 he inherited when Express Newspapers were purchased from Fleet Holdings.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	21	70	Dubrovnik	R	16	61	Malta	F	23	73	Rhodes	S	28	82
Algiers	S	27	81	Edinburgh	F	15	59	Manchester	F	14	57	Rio de J'o	C	35	95
Amsterdam	C	15	59	Faro	S	26	79	Manila	C	35	95	Rome	F	21	70
Athens	S	26	79	Florence	F	24	75	Melbourne	S	16	61	Salzburg	C	16	61
Bahrain	S	36	97	Frankfurt	C	17	63	Mexico City	-	—	—	San Francisco	C	19	66
Bangkok	C	32	90	Funchal	F	22	72	Miami	C	30	86	Seoul	F	27	81
Barcelona	S	22	72	Geneva	F	17	63	Milan	S	23	73	Singapore	F	31	88
Beirut	S	28	82	Gibraltar	C	30	86	Montreal	C	25	77	Stockholm	C	17	63
Belfast	C	14	57	Glasgow	R	15	59	Moscow	C	23	73	Strasbourg	S	19	66
Belgrade	F	18	64	Guernsey	C	14	57	Munich	C	16	61	Sydney	S	21	70
Berlin	C	14	57	Helsinki	S	19	66	Nairobi	C	21	70	Taipei	S	32	90
Biarritz	C	18	64	H. Kong	F	30	86	Naples	S	23	73	Tangier	S	25	77
Bombay	F	32	90	Innsbruck	C	18	64	Nassau	S	31	88	Tel Aviv	S	28	82
Bordeaux	F	19	66	Inverness	C	14	57	New Delhi	S	35	95	Tenerife	F	26	79
Brussels	F	18	64	Islamabad	C	34	93	New York	C	35	95	Tokyo	C	22	72
Budapest	C	28	82	Istanbul	S	26	79	Nice	S	22	72	Toronto	C	24	75
B. Aires	C	18	64	Jakarta	C	30	86	Nicosia	C	18	64	Tunis	S	27	81
Cairo	S	35	95	Jersey	C	16	61	Oporto	S	22	72	Valencia	F	24	75
Cape Town	S	23	73	Jo'burg	S	11	52	Oslo	S	15	59	Venice	S	23	73
Caracas	C	28	82	Lima	C	20	68	Paris	C	15	59	Vienna	R	15	59
Casablanca	S	23	73	Lisbon	S	28	82	Peking	-	—	—	Warsaw	F	23	73
Chicago	S	30	86	London	F	18	64	Prague	F	15	59	Washington	C	23	73
Cologne	C	15	59	Los Angeles	C	15	59	Reykjavik	S	15	59	Zurich	C	14	57
Copenhagen	F	18	64	Luxembourg	C	15	59								
Corfu	F	23	73	Madrid	S	26	79								
Dallas	F	23	73	Majorca	F	21	70								
Dublin	C	14	57	Malaga	S	25	77								

Readings at mid-day yesterday.
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Waldheim visit defended

Continued from Page 1

Vatican said Mr Waldheim had been "democratically elected last year" and could therefore represent his country regardless of any other issues, which were not the concern of the Holy See. The Vatican then praised Austria as "an antique and noble Catholic country".

The Vatican statement included a list of recent speeches in which Pope John Paul II condemned Nazi atrocities. The most recent of these was made eight days ago in Warsaw, where the Polish-born pontiff was criticised at the weekend by Mr Marek Edelman, a leader of Solidarity who described the Waldheim visit as "very upsetting, unless Waldheim plans to confess to the pope and tell him the truth".

In Rome, Mr Giulio Andreotti, the Foreign Minister, last week received Mr Karl Gruber, Austria's Foreign Minister from 1945–1953, who presented a white paper defending Mr Waldheim against charges that he may be guilty of Nazi war crimes. The white paper repeats Mr Waldheim's claims that he has "nothing to hide" and that he does not feel isolated by the international community.

The Italian Government is avoiding embarrassment by telling Vienna that due to the political situation in Rome, the caretaker Fanfani government considers all official visits by foreign heads of state to be "inopportune."

President Francesco Cossiga will not meet Mr Waldheim

THE LEX COLUMN

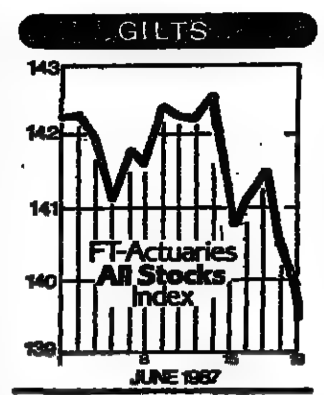
When the black horse bolts

And then there were 26. Lloyds Bank's Friday night exit from the ranks of gilt-edged market-makers (and from the Eurobond trading lists too) is a belated justification of some of the pessimism that has surrounded the new gilt-edged market ever since it began its overpopulated existence. What may have helped put the nails in the coffin of Lloyds' market-making unit was the recent indication by the Bank of England that several newcomers were planning to enter the fray once the one-year breathing space allowed to the original participants expires next October. At least five big Japanese and American houses, *including names such as Nomura* and Morgan Stanley, are likely to apply.

In the circumstances, competition in the market has begun to sharpen. Practitioners reckon that prices have become closer and the sales effort more aggressive, as the big primary dealers seek to consolidate their market shares. This may be coinciding with a tendency for institutional clients to trim back their lists of brokers. In the early days after Big Bang the major funds were inclined to give all the serious market-makers a chance to build their reputations. Now, however, with the new-style market well into its second half-year, there is a tendency to cut out the weaker participants.

As expected, the market has become concentrated on a relatively small number of the market-makers. According to a Bank of England hint several months ago, seven market-makers were accounting for 53 per cent of the business in gilts, *and this polarisation is likely to* have intensified. Yet crude market share figures are by no means the whole story. For one thing, profits are normally made out of correct positioning of the book, and rarely out of turnover as such. Dealing spreads are much too narrow for that. For another, there is scope for specialisation – in shorts or index linked, for example, or in different kinds of clients, with some primary dealers obviously doing sizable business overseas, even though they are scarcely visible on the domestic institutional scene.

Meanwhile, the generally positive trend of gilt-edged prices since last autumn has helped to avoid embarrassments for others of the original 27. In a bull market, primary dealers tend whatever happens to make profits on their "back book" and, although in theory they can earn profits in bearish conditions by going short, *that is not as easy in* practice as it may sound. Although Lloyds Bank denies that the recent market setback led to the decision to pull out of gilts, the conditions of the past few weeks have been particularly testing. Gilt-edged prices peaked out at the beginning of the election campaign, with yields subsequently rising something like half a point. And although the election was safely won by the Conservatives, the gilt-edged market appears to have worked itself into a technically awkward corner.



Market-makers have built up long positions, partly in expectation of post-election demand from abroad and partly because they have feared a shortage of supply of stock from a Treasury with a very low borrowing requirement. Yet the foreigners have stayed away in droves. And it turns out from last week's monetary figures that huge *intervention on the foreign ex*changes has left the authorities with a need to mop up excess liquidity through gilt sales. It is just possible, too, that Lloyds Bank still has some large lines of stock which it no longer has use for.

Brokers Phillips & Drew report a big interest in their new survey of European financial statements, which gives a quick summary of the accounting wrinkles in the major Continental countries.

*The general rule is that the fur*ther south you go in Europe the more seriously companies depart from US-style generally accepted accounting principles. In countries such as Italy and Spain, reporting is simply rather undeveloped. But in West Germany the opposite is true, with a highly complex and legalistic formula for corporate financial statements.

The Germans stalled for a long time when faced with the need to harmonise with EC directives. *As it* is, German companies will not be required to conform with the Fourth Directive, including a "true and fair" profit statement, until they report (next year) for calendar 1987, and they can defer the impact of the Seventh Directive, which provides for worldwide consolidation, until reporting on calendar 1990.

Because some German companies will anticipate these requirements but others will not, German reporting could be in a confusing *state of flux for several years.*

The DVFA has for severel years *attempted to impose a degree of or*der by working out recommended adjustments to the raw published figures, for example, giving formulae for amendments to provisions for pensions and depreciation. But now, in the context of the progressive implementation of the directives, it is being forced to adjust its adjustments.

In particular, the DVFA is no longer recommending that the net increase in pension provisions should be added back to earnings, a change which on the face of it could chop an average 10 per cent off adjusted earnings.

It must be emphasised that these accounting changes affect only the perception of a company rather than its substance. But try explaining that to a baffled investor from Omaha or Osaka.

German earnings

If you thought that Schering's 1986 earnings per share were DM 25, as stated in the accounts, you will have had to revise your ideas to DM 35 according to the recommendations of the German Association of Investment Analysts (DVFA). But then, to be completely up to date, you will have had to pull the figure down again to DM 27.

A big problem faces the London brokers who set out to promote the attractions of Continental stocks to international investors in America and Japan. European reporting and accounting continues to be in a state of considerable confusion. For global investors who like nothing better than to build up elaborate databanks and arbitrage between markets around the world it is highly frustrating.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday June 22 1987

INTERNATIONAL BONDS

Surprise demand for fixed-rate Eurodollar issues

NO-ONE IS seriously suggesting that any new money worth speaking of is going into Eurodollar fixed rate bonds. Yet a number of US companies over the last few weeks have managed to launch new issues which have been apparently easily absorbed by the market.

Last week, for instance, a new $125m seven-year issue for Prudential Funding Corporation traded healthily inside its fees. This followed earlier deals for Ford Motor Credit and GMAC which achieved similarly solid sales.

The trend is remarkable, since US corporate issues have in recent years been the least favoured in the market, because of credit concerns relating to a wave of merger and acquisition activity, and declining oil prices. US corporate bonds could thus be expected to be the first category to come under pressure in a depressed period for the Eurobond market.

Yet the yield relationships in the secondary market between US Treasury bonds and seasoned corporate Eurobonds suggest otherwise; they have been narrowing markedly over the last couple of months.

All of which might suggest that this most beleaguered sector of the market was undergoing a process of rehabilitation. But dealers' explanations of the phenomenon do not suggest such a sea-change in investors' attitudes.

Yield spreads in general have tended to narrow because the Eurobond market is less volatile than the US Treasury market, so that price falls there find paler reflections in Europe – unless, as occured in mid-April, there is a general run on the dollar. The relatively better performance of the US corporate sector in this process is mainly a function of supply, dealers say.

Once it became more expensive to fund in Europe than at home, US corporate borrowers naturally started putting in fewer appearances in the new issues market. Since the beginning of this year, they have been almost completely absent, while many outstanding bonds have been redeemed as interest rates have moved lower over the past year.

All this still begs the question: where is all the buying pressure coming from? A common explanation is that much of it is emanating from the US, as the bulk of the bonds have become seasoned and eligible for resale across the Atlantic.

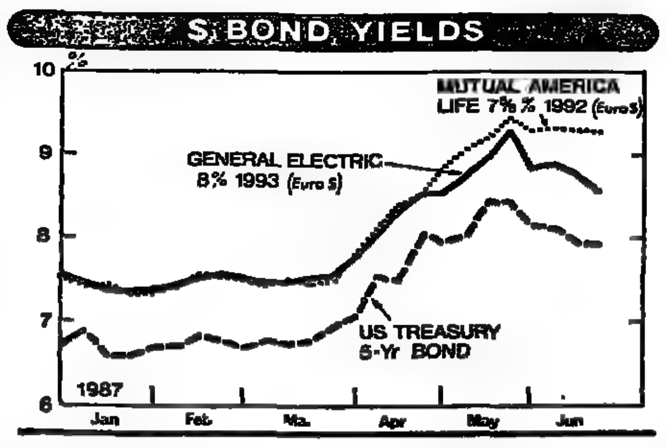
"As a result, spreads for all US sectors against the market composite have narrowed from their 1986 highs this year and are trading at almost identical yield levels to their US domestic counterparts," say analysts at Salomon Brothers in a recent report.

Other dealers point to some resurgence of Continental interest in dollar bonds as more investors come to the conclusion that the dollar has bottomed out. Such investors have always been buyers of "household name" corporate bonds.

Their credit choices are not always logical. They have, for instance, tended to prefer double-A rated US industrial companies to US insurance companies, many of which are triple-A rated.

This is partly because the insurers' names are not always readily recognised in Europe and partly because they have been erroneously associated with the turbulence in the US banking sector.

The disparity between the insurance and industrial company sectors is borne out by current relative trading levels of bonds by US issuers. Some insurance bonds are trading at levels to provide yields of around 30 to 40 basis points above those on corporate bonds.



Prudential Funding Corporation bucked the trend last week, however, when it managed to launch an issue at a mere 50 basis points over the yield curve, when other comparable insurance companies were trading at around 80 basis points over. Dealers say this is because it happens to be the one insurance company whose name is readily recognised in Europe.

Despite the success off recent deals, syndicate managers do not feel that an issuing window is opening for a host of US corporates to tap the Eurobond market. The flow of money into the sector is a trickle rather than a flood, and with many investors still uncertain of the direction of currency markets, they are more choosy than ever about the names that they will buy.

Such issuers as Ford Motor Credit and General Motors Acceptance Corporation, moreover, were issued into the short-end of the yield curve, at the three and two-year maturities, as syndicate managers judged that most investors are still adopting a defensive posture.

Amid the general narrowing of yield spreads recently, those bonds that have missed out most are the sovereign bonds – which have been much more popular than corporate issues over the last year or so. Yield margins over US Treasuries have narrowed since mid-April by only around 15 basis points at the longer end, compared with around 25 basis points on corporate bonds.

Such a movement can only be linked to the withdrawal of Japanese investors, who used to be enthusiastic buyers of sovereign bonds. Eurodollar dealers say they have hardly heard from a Japanese investor since the end of the financial year in Tokyo.

Meanwhile, sovereigns have been steering clear from the Eurodollar new issues market, although they have put in regular appearances in the Euroyen sector; Belgium last week became the latest example.

This is explained partly by the fact that the Euroyen sector has for much of the year been a much healthier market than the Eurodollar market, and also by the desire of some sovereign borrowers to build up their yen borrowings.

But since the bulk of their issues are swapped, the answer almost certainly lies in the extremely attractive rates that the Japanese houses have been offering them, with which other players cannot hope to compete.

Last week, almost all sectors on the Eurobond market fell into an early summer lull, except for the Eurosterling market, where prices were pushed dramatically lower in response to the falls in the gilt market, driven by disappointment that no wave of foreign buying had yet emerged in the wake of the UK election.

Clare Pearson

Tight terms for Czechoslovakia

CZECHOSLOVAKIA, raising $200m through an international bank loan at the tightest terms ever seen for an Eastern European borrower, has been asked whether it would like to expand the credit.

An answer is expected this week, according to bankers in the five-bank lead management group. With syndication almost complete, a total of almost $250m has been raised, including the targeted $100m from the five-bank lead management group headed by Creditanstalt of Austria.

Fifteen banks have so far joined, excluding the lead management group, which also comprises Bank of Tokyo, Banque Nationale de Paris, Deutsche Bank, and Fuji Bank.

Even with the apparent substantial support provided by the Japanese banks, the loan's success in general syndication will probably surprise many in the market.

The appointment of the Austrian bank, which last month opened a representative office in Prague, ruffled a few feathers in the market and the terms – ⅛ point over Libor over 10 years with an eight-year grace period – disturbed a few more.

The loan appeared to run into more problems when one of the original members of the lead management group, Société Générale, pulled out (to be replaced by BNP) after differences with Creditanstalt over its role in the credit.

Both French banks, Creditanstalt and Deutsche Bank are all in the lead management group put together for another Easter European borrower, Hungary.

The group currently has 12 members. This may be expanded, perhaps to 14, even though last week the $400m loan went into general syndication, which is expected to last until July 1. The others are Alahli Bank of Kuwait, Arab Banking Coporation, Dai-Ichi Kangyo Bank, First Chicago, Long-Term Credit Bank of Japan, Mitsui, Morgan Guaranty and National Westminster.

The eight-year loan has a 5½ year grace period with a margin of ⅛ points over Libor.

That is the same margin as another East European borrower, Deutsche Aussenhandelsbank of East Germany, obtained on a $100m, seven-year loan with a three-year grace period signed last week with a group of Arab banks.

The terms are the finest ever obtained by East Germany but the credit, led by the state-owned Kuwait Foreign Trading, Contracting and Investment Company, appears to have been guided less by hard commerce than by the spirit of Kuwait-East German co-operation.

Even so, the raising of the loan was hardly the swiftest: KFTCIC embarked on the deal last autumn.

Stephen Fidler

EUROMARKET TURNOVER
Turnover ($m)

Primary Market	Straights	Conv	FRN	Other
US$	1,828.6	782.7	513.1	5,226.4
Prev	605.4	340.4	3.1	4,907.0
Other	1,835.2	343.0	192.0	244.8
Prev	2,494.2	716.5	65.3	332.0
Secondary Market				
US$	17,973.9	2,210.2	14,178.5	5,671.9
Prev	26,996.0	1,989.2	18,267.1	7,640.7
Other	15,651.0	1,003.2	2,318.7	7,155.7
Prev	20,672.6	1,000.5	2,967.0	11,789.4

	Cedel	Euroclear	Total
US$	12,751.6	36,626.5	49,384.3
Prev	18,755.1	38,894.8	57,649.9
Other	11,836.0	16,907.5	28,743.5
Prev	18,103.2	21,946.3	40,049.5

Week to June 19 1987 — Source: AIBD

Salomon builds up key block of HBJ debentures

BY ANATOLE KALETSKY IN NEW YORK

HARCOURT BRACE Jovanovich, the US publishing company which has been fighting off a bid from Mr Robert Maxwell's British Printing and Communications Corporation, appeared to face a new threat over the weekend with the disclosure that Salomon Brothers had accumulated a block of debentures which could be convertible into more than one-third of Harcourt's total common stock.

The Salomon Brothers' stake, disclosed in a filing to the Securities and Exchange Commission late on Friday, could greatly complicate the recapitalisation plan which Harcourt had designed to thwart the Maxwell bid.

Salomon said it had purchased the block of debentures, worth around $350m, between May 21 and June 12. The debentures are convertible into 21.9m Harcourt common shares at $34 a share.

With about 50m Harcourt shares currently outstanding, this could give the Wall Street investment bank control of up to 35.7 per cent of the publishing company.

While Salomon would not reveal its intentions in accumulating this block of securities, the existence of a single holding of this size could pose a serious threat to Harcourt if it fell into unfriendly hands.

Prior to the Salomon filing, Harcourt had asked a Florida court to make a judgment suspending the debenture holders' conversion rights as part of its recapitalisation programme. But Salomon told the SEC that it would support the claim of the debenture holders' trustee, Suntrust Banks of Florida, that the conversion rights should be maintained, on modified terms, even after the recapitalisation.

A hearing on this issue is scheduled to begin today in Orlando. Depending on Salomon's intentions towards Harcourt, it now appears that the court proceedings could determine the viability of the publishing group's defence strategy.

Uncertainty over Harcourt's defence has grown on Wall Street as a result of the legal complications emerging from the recapitalisation plan.

Partly as a consequence, there has been mounting speculation that Harcourt could try a different strategy – for example, acquiring another large company to make itself harder for Mr Maxwell to digest.

The latest rumoured quarry has been Reed International, the British publishing and paper company. Reed's shares were traded heavily on the London Stock Exchange late last week.

Squibb buys Cetus stake

BY LOUISE KEHOE IN SAN FRANCISCO

SQUIBB, the large US pharmaceuticals manufacturer, and Cetus, the West Coast bio-engineering company, have agreed to form a joint venture to develop and market biotech drugs. As part of the agreement, Squibb will acquire a 5 per cent stake in Cetus.

The alliance is seen as the largest and most significant to date in the US bio-engineering industry. Squibb will give Cetus approximately $75m, over five years, for research and development.

The joint venture will develop new drugs for cardiovascular, anti-infective and anti-inflammatory diseases. Both Cetus and Squibb will market the drugs.

In addition, Squibb has agreed in principle to purchase 5 per cent of Cetus' stock for $40m.

Benedetti widens Ferruzzi links

BY ALAN FRIEDMAN IN MILAN

MR CARLO De Benedetti, the Italian entrepreneur, is planning to reinforce his shareholding and business alliance with Ferruzzi, the Ravenna-based agro-industrial concern which also controls the Montedison chemicals group.

It was learnt yesterday that Mr De Benedetti has agreed to sell, for an estimated L18bn ($136m), half of his 18.9 per cent equity stake in Euromobiliare, the Milan investment bank, to Mr Raul Gardini, the Ferruzzi chief.

The transfer of part of his Euromobiliare stake to Mr Gardini is to be followed by two other developments. The first is that Mr Gardini's Ferruzzi will acquire a symbolic shareholding of around 2.5 per cent in CIR, one of the main De Benedetti holding companies. The second will see the formation of a new stockbroking firm, to be owned jointly by the De Benedetti group, Ferruzzi and Euromobiliare.

The above three deals are seen in Italian finance as a significant move to strengthen the De Benedetti-Gardini alliance. Other joint ventures, especially of a financial nature, are likely to follow.

The alliance was launched last October when Mr De Benedetti's Sabaudia holding vehicle transferred a key 3.16 per cent equity stake in Montedison to Ferruzzi, helping Mr Gardini to build up his control. The De Benedetti group then took a 5 per cent shareholding in Ferruzzi's Agricola main holding company and 10 per cent of Silos, the Ferruzzi grain trading and storage business.

It is expected that the stockbroking business being set up in Milan by Mr De Benedetti and Mr Gardini will handle separate and joint investments for the two groups.

CIR, meanwhile, is believed to be planning to raise $200m on the international capital market by means of a seven-year bond issue.

● Hill Samuel, the UK merchant bank, is paying a nominal L1bn to acquire a 10 per cent shareholding in Sofipa Intermediazione, a Milan investment comapany which is 51 per cent controlled by a merchant banking venture launched last year by Mediocredito Centrale, a state medium-term corporate finance institute. The Hill Samuel venture is designed to bring the UK bank into deals where Sofipa acquires minority shareholdings in unquoted companies and to position Hill Samuel to earn commission income on whatever outward flow of Italian investment develops as a result of the recent relaxation of exchange controls.

Japanese banks seek rights for offshoots

By Yoko Shibata in Tokyo

TWELVE LARGE Japanese city (commercial) banks have petitioned the Ministry of Finance to allow their overseas securities subsidiaries to establish representative offices in Japan.

The banks have also proposed upgrading their representative offices to full brokerage subsidiaries at a later stage. Under Article 65 of the Securities Transaction Law, which was closely modelled on the US Glass-Steagall Act, Japanese banks are not allowed to engage in securities business.

The banks' petition follows the ministry's decision on June 3 to permit 10 more foreign securities companies to enter the brokerage business in Tokyo, including four brokers affiliated with US commercial banks.

The Japanese banks argue that, since the brokerage licences were issued to subsidiaries of US banks, which are subject under Japanese law to the same prohibition against brokerage business, the ministry has no grounds for stopping the Japanese banks' overseas brokerage subsidiaries from establishing a presence in Japan.

The ministry's approval of a Tokyo representative office for Aubrey G. Lanston, the US government securities primary dealer affiliated with the Industrial Bank of Japan, has excited Japanese bankers.

The ministry has not so far permitted an overseas securities affiliate of any Japanese bank to move into the Japanese securities market. But officials say Lanston does not fall within the category of securities companies under Japanese law, noting that the company is registered with the US Securities and Exchange Commission as a specialised dealer in US government securities.

In all, 24 Japanese banks, including city, long-term credit and trust banks, have 28 securities subsidiaries overseas. The letter to the ministry argued that Japanese banks had been operating securities business through their subsidiaries in the UK and Switzerland since 1973 and had established solid and independent securities operation overseas, the banks said.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book Runner	Offer yield %
US DOLLARS							
Victor Co. of Japan ¶‡	50	1994	7	2¾	100	Yamaichi Int. (Eur.)	2.750
Victor Co. of Japan ¶‡	100	1992	5	1⅜	100	Nomura Int. (Eur.)	1.375
Daiwa Danchi ¶‡	100	1992	5	1⅜	100	Nomura Int. (Eur.)	1.375
Matsuya Co. Ltd. ¶‡	50	1992	5	1⅜	100	Daiwa Europe	1.375
Kansai Paint ¶‡	60	1992	5	1½	100	Yamaichi Secs.	1.500
Tokyu Corp. ¶‡	150	1992	5	⅞	100	Yamaichi Int. (Eur.)	0.875
Pacific Dunlop §‡	75	1997	10	6¾	100	CSFB	6.750
Nikken Chemicals ¶‡	50	1992	5	1⅜	100	Daiwa Europe	1.375
Glory Ltd. ¶‡	60	1992	5	1⅝	100	Yamaichi Int. (Eur.)	1.625
Toyama Chemical ¶	50	1992	5	(1⅜)	100	Yamaichi Int. (Eur.)	*
Yamamura Glass Co. Ltd.	40	1992	5	(1⅝)	100	Yamaichi Int. (Eur.)	*
Toronto Dominion New York Inc. ‡	46.475	1988	2	9.83(b)	98.584	Salomon Bros./Mitsui Tst.	10.853
Pasco Corp. ¶	85	1992	5	(1½)	100	Nomura Int.	*
Cosmo Secs. ¶	50	1992	5	(1⅜)	100	J.H. Schroder Wagg/Cosmo Secs.	*
US DOLLARS							
Aegon N.V. ‡	100	1990	3	8¼	101	Goldman Sachs Int.	7.883
Prudential Funding Corp. ‡	125	1994	7	8¾	101½	Prud.Bache Cap. Funding	8.457
Nippon Oil and Fats ¶	70	1992	5	(1⅜)	100	Yamaichi Int. (Eur.)	*
D-MARKS							
Malaysia ‡	150	1994	7	6¼	100	Deutsche Bank	6.250
CIC †	255	1993	5½	(a)	100.05	Morgan Stanley GMBH	*
SWISS FRANCS							
Sunstar Inc.** §‡	55	1992	–	½	100	Credit Suisse	0.500
Toko Inc.** §‡	60	1992	–	½	100	Credit Suisse	0.500
Den Norske Credit Bank ⊕‡	50	1994	–	2½	100	Bk. Gutzwiller, KB	2.500
Pargesa Holdings SA ‡	100	1995	–	4¾	100	Banque Paribas (Suisse)	4.750
Olympic Co.Ltd. ¶	50	1992	–	(1)	*	Morgan Stanley SA	*
Tiroler Wasserwerke	100	1997	–	4¾	*	Credit Suisse	*
SHV Holdings NV ‡	100	1994	–	4¾	100	UBS	4.750
EIB ‡	200	1997	–	4¾	100¼	UBS	4.718
FRENCH FRANC							
EEC ‡	500	1997	10	8¾	96⅝	Bqe. Indosuez Cap. Mkts.	9.283
LUXEMBOURG FRANC							
Nobel Industries Hlding** ‡	300	1992	5	7½	100¼	Banque Paribas (Lux)	7.438
AUSTRALIAN DOLLARS							
GMAC Australian Finance ‡	50	1990	3	14	101½	Deutsche Bk. Cap. Mkts.	13.361
National Australia Bank ‡	50	1992	5	14	101¾	Orion Royal Bank	13.496
World Bank ‡	100	1992	5	13⅜	101⅞	Hambros	12.844
CANADIAN DOLLARS							
GZ Bank ‡	75	1993	5½	9⅝	101¾	Morgan Stanley	9.383
SNCF ‡	90	1991	4	9⅝	101⅜	Bqe.Paribas Cap. Mkts.	9.199
IBM Canada ‡	100	1992	5	9½	101½	Orion Royal Bank	9.113
YEN							
Lincoln Savings and Loan Assoc. ‡	7bn	1992	5	4⅞	101⅜	Bqe. Paribas/IBJ Int.	4.561
Korean Electric Power Co. ‡	7.5bn	1993	6	4½	101⅜	Daiwa Europe	4.236
Belgium ‡	50bn	1991	4	4⅜	101⅛	Daiwa Europe	4.030
Bergen Bank †	5bn	1992	5	(c)	100¾	IBJ Int.	*
NZL Cap. Corp.	10bn	1992	5	(d)	100	Nomura	*
ECU							
Wacoal Corp. ¶‡	80	1992	5	1½	100	Bqe. Paribas Cap. Mkts.	1.500
World Bank ‡	100	1994	7	7½	101½	Morgan Guaranty	7.220
STERLING							
Bell Group NV §‡	75	1997	10	5	100	SBCI	5.000

* Not yet priced. ‡ Final terms. ** Private placement. ¶ With equity warrants. § Convertible. † Floating rate note. ⊕ With gold call and put warrants. (a) ⅛ over 6 month libor rate. (b) 9.83 in first year, reset at 6.003 in 1988 and 1989. (c) 60 bp below long term Jap. prime rate, payment semi-annually. (d) Coupon rises from 0 in year 1 to 7⅜ in years 4 and 5. Note: Yields are based on AIBD basis.

American Express raises LDC reserves

By William Hall in New York

AMERICAN EXPRESS, the financial services conglomerate, will report a second-quarter loss of $50m after taking a $520m charge to cover a quadrupling in the loan loss reserve of its American Express Bank subsidiary.

American Express, which earned $252m in the first quarter of 1987, announced that it was adding $600m to the reserves for loans to less developed countries, primarily in Latin America, of its international banking subsidiary.

As a result of this action, the bank's loan loss reserve will total $795m which represents 38 per cent of all Latin American loans, 32 per cent of all refinancing country loans and 10.6 per cent of all loans outstanding.

The group's second-quarter loss of $50m would have been considerably higher but for a $142m after-tax gain on the sale of 18m shares of its Shearson Lehman Brothers subsidiary in May.

The group says that the company's consolidated earnings for 1987 are expected to be "among the best" in the company's history.

Mr James Robinson, chief executive of American Express, said that the action, which corresponds to recent moves by several leading banks, "allows a new level of flexibility in our continuing programme to manage the LDC debt portfolio of American Express Bank."

Greyhound Lines to buy rival

BY ANATOLE KALETSKY IN NEW YORK

GREYHOUND LINES, the leading US bus company, which was threatened last year by air fare wars and the long-term decline in bus travel, is planning to buy Trailways, its main competitor.

The deal would create a near-monopoly in bus transport throughout much of the US.

The agreed acquisition of Trailways for $80m, if approved by the Interstate Commerce Commission, could be the key to the strategic plans of Mr Fred Currey, the Texas entrepreneur who bought Greyhound Lines for $350m from greyhound Corporation three months ago, amid widespread scepticism about the future of long-distance bus travel in the US.

The deal agreed with Trailways, a privately-held company, will include a commitment by Greyhound to maintain services where Trailways has a monopoly, but will involve the purchase of only 450 buses out of Trailways' fleet of 1,200. Mr Currey said no decision had been made about the future of Trailways 2,200 employees.

Bus transport to small communities beyond the reach of airlines is generally considered a potentially viable business, particularly after the steep pay cuts Mr Currey has managed to force on Greyhound's employees since the acquisition.

There has been considerable doubt, however, about Mr Currey's apparent determination to keep Greyhound in the long-haul travel business, running frequent scheduled services on the 72-hour run from New York to Los Angeles, for example.

By eliminating Trailways as a competitor for the limited number of passengers on the main long-distance routes, Mr Currey would appear to stand a better chance of maintaining his group's profitability.

Yet with continued fare cutting this summer – despite the recent wave of mergers in the airline industry – there has been little let-up in financial pressure, leaving Trailways easy prey to Mr Currey's advances, and increasing the likelihood of regulatory approval for the proposed merger.

McDermott plunges in loss of $260m

BY OUR NEW YORK STAFF

McDERMOTT INTERNATIONAL, The New Orleans-based energy services group, suffered a net loss of $260m or $7.03 a share in the latest quarter, after a net provision of $224m related to the closure of its seamless tubular materials business.

The loss for the quarter, which ended on March 31, compared with a profit of $21m, or 57 cents, a share the year before.

For the whole of the 1987 fiscal year, the company made a loss of $102m or $2.77 a share, compared with a profit of $59m or $1.60 in 1986. Revenues in fiscal 1987 were up 6 per cent at $3.29bn, compared with $3.11bn the year before.

Before extraordinary charges and accounting adjustments McDermott's net income from continuing operations increased in fiscal 1987 to $87m from $83m.

Mr James Cunningham, McDermott's chairman, said that all the profitability remained under severe pressure

HK bank sees higher dividend

By Our Financial Staff

HONGKONG and Shanghai Banking Corporation has reiterated plans for an increased dividend this year despite having to share in losses at its Marine Midland Bank subsidiary in the US.

Marine Midland, the 19th-largest US bank holding company, said last week it was making a $400m provision against Third World loan losses, swelling its total loan-loss reserve to $683m.

The banks say that no conditions have been placed on the opening of representative offices by foreign brokerage houses.

FCA may be broken up and sold piecemeal

FINANCIAL CORP of AMERICA, the US savings and loan group which has been struggling to recover its balance, may be broken up and sold in pieces, Reuters reports from Los Angeles.

Mr William Popejoy, FCA's chairman, said: "It is highly conceivable that the real estate portion (of the company) would be handled as a separate matter . . . it really depends on the acquiring entity." FCA has already announced that it has been holding talks with possible acquirers.

It is possible that a buyer would structure a deal aimed at acquiring only the company's savings and loan operations and selling off its property interests, Mr Popejoy said. Such a transaction has been discussed in a conceptual way, Mr Popejoy added.

Financial Corp, parent of the group which is the largest US savings and loan association, is now holding discussions with four interested parties, but the talks are still in the preliminary stage.

INTERNATIONAL CAPITAL MARKETS

US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	6.69	6.70	6.72	11.34	5.71
Three-month Treasury bills	5.65	5.54	5.54	6.52	5.01
Six-month Treasury bills	5.91	5.86	6.13	6.36	5.86
Three-month prime CDs	6.93	6.95	7.25	7.25	5.46
30-day Commercial Paper	6.86	6.80	6.90	7.70	5.55
90-day Commercial Paper	6.91	6.85	7.05	7.05	5.45

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week ago	4 wks ago
Seven-year Treasury	103 3/32	n/a	8.14	8.17	8.62
20-year Treasury	107¼	+⅛	8.56	8.60	9.04
30-year Treasury	102 27/32	+ 3/32	8.47	8.49	8.92
New 10-year "A" Financial	n/a	n/a	9.60	9.38	9.75
New "AA" Long utility	n/a	n/a	9.70	9.50	10.18
New "A" Long industrial	n/a	n/a	9.70	9.50	10.00

Source: Salomon Bros (estimates).

Money Supply: In the week ended June 8 M1 fell by $8bn to $745.7bn

NRI TOKYO BOND INDEX

December 1983 = 100	PERFORMANCE INDEX 18/6/87	Average yield (%)	Last week	12 wks ago	26 wks ago
Overall	140.77	3.92	141.26	138.05	131.53
Government Bonds	143.00	3.44	143.89	139.51	132.39
Municipal Bonds	140.20	4.61	140.48	138.44	131.85
Government-guaranteed Bonds	141.13	4.67	141.33	139.47	132.52
Bank Debentures	135.20	3.52	135.28	132.81	127.93
Corporate Bonds	138.14	5.10	138.20	136.36	130.09
Yen-denominated Foreign Bonds	139.85	6.04	139.68	137.15	132.64
Government 10-year†	—	4.27	4.08	4.83	5.39

† Estimated par yield.

Source: Nomura Research Institute.

US MONEY AND CREDIT

Bond market regains its composure as inflation fears recede

THE US bond market is gradually regaining its composure, as investors begin to suspend their disbelief in the new-found stability of the dollar.

Hopes are running high for a quick return to the 8 per cent yield level which has been seen as a market floor for almost a year before the debacle of March and April.

With the Treasury long bond yielding 8.47 per cent on Friday at a price of around 103, it would take a further improvement of just over 4 full points to push the yield below the 8 per cent mark. If only the dollar could be relied upon to live up to its new robust image, there would be no problem in predicting a rally of this magnitude before the end of summer.

The market's inflation fears appear to be receding almost as rapidly as they developed—at least in the sense that expectations of 5 per cent inflation are now so widespread that they are taken for granted and seem to have lost their power to shock. The producer price index reported the week before last was somewhat better than expected, while the wholesale index for finished consumer goods, considered a good proxy for retail prices, increased by only 0.3 per cent in May.

Steady growth

Meanwhile, the news from *the industrial economy has continued* to present a picture of slow but steady growth, with neither significant acceleration nor recession in sight. Last week's upward revision of first-quarter GNP figures from 4.4 per cent to 4.8 per cent, and the robust 0.5 per cent growth in industrial production, were not seen by bond investors as portents of a worryingly strong economy. Rather, the bond market took them to be somewhat bullish signs, since much of the strength, both in the GNP and the production statistics, came from improvements in US export performance.

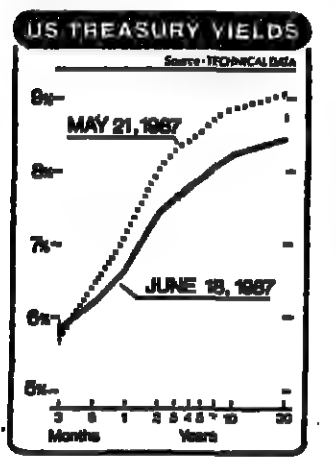
Coming on top of moderately better trade figures this month, these statistics helped to underpin the view that devaluation is finaly beginning to work its magic on the industrial economy—and to do so with surprisingly few inflationary costs.

Indeed, sentiment is now so intensely focused on the long-awaited benefits of devaluation *for the US economy, that the* bond market is coming to interpret strong production figures as bullish, rather than bearish, for interest rates.

Further signs of strength in the industrial economy, according to the newly established view, will take the pressure off the dollar and pacify protectionists in Congress. For the bond market, the argument continues, the benefits of a stabilising currency will far outweigh the traditional disadvantages of stronger domestic credit demand, which normally accompanies an economic upturn.

There is only one problem with this bullish story. While it has been good enough to keep the recent rally going in very thin markets, the strong dollar case has not yet inspired either domestic or foreign institutions to commit large-scale funds.

The same caveat applier to the strength of the dollar itself. Recent events have certainly put a temporary stop to the one-way speculation against the US currency, but trading has been too thing and indecisive to convince the markets of anything like a fundamental change in trend.



Looking further ahead than one month's statistics, the ambivalence is understandable. The dollar devaluation may have succeeded in stabilising or even reducing the US trade deficit somewhat. But as the Organisation for Economic Co-operation and Development pointed out last week, in one of the gloomiest reports it has written for over a decade, there is a big difference between stabilising trade deficits at around $150bn and reducing these deficits to numbers that might be manageable in the long term.

In terms of the latter criterion, there seems to be no reason to regard the present structure of exchange rates as sustainable. At present exchange rates the OECD predicts a marginal improvement in the US trade deficit next year. But this is no new trend beginning.

Gloomy report

Looking further ahead, the OECD projects that "the US current account deficit and the Japanese surplus could widen again in the years beyond 1988, leading to an unprecedented accumulation of net external liabilities and assets by these two countries."

In other words, there has been no decisive improvement yet in the US balance of payments. And without such an improvement, the evidence for a decisive change of trend in the dollar is thin at best.

* * *

THE FOLLOWING statistics are due for release this week, along with estimates of market expectations as surveyed last Friday by Money Market Services of Redwood City, California:

● The consumer price index for May (Tuesday, 8.30 am) is expected to show a rise of 0.4 per cent, identical with the increases recorded in April, March and February. The 43 estimates surveyed range from no change to a jump of 0.6 per cent.

● Durable goods orders for May (Tuesday, 8.30) should show a fall of 1.5 per cent, according to the median forecast. The 28 estimates range from a fall of 3 per cent to a rise of 0.6 per cent. This volatile series showed no change in April after big gains of 4.2 and 6.7 per cent respectively in the previous two months.

Anatole Kaletsky

UK GILTS

Old worries revived as expected buyers fail to appear

IT HAS TAKEN only a week since Mrs Thatcher's third successive election victory with a healthy overall majority for the UK Government bond market to sink into gloom.

Last week's figures showing a persistently strong appetite for credit and rising average earnings revived all the old worries—higher inflation, talk of capacity constraints in industry at a time of fast-growing consumption and therefore worries about the trade balance. The pound's impregnability was punctured and there seems very little chance of falls in interest rates, at least in the short-term.

The real sting in the tail came on Friday afternoon, when Lloyds Bank announced it was *pulling* out of market-making in gilts and Eurobonds. On the gilts side, the news came as no great surprise: problems at Lloyds had long been a focus of pessimistic talk. The withdrawal appears to have been orderly but nevertheless sent ripples through the market.

All the signs are that, since Big Bang, the bulk of the business has been monopolised by a relatively small group of primary dealers, leaving some of the rest asking serious questions about the returns they are making on capital.

Of course, there are houses which are not in the top rankings but which are running a perfectly satisfactory business none the less. Several put in place tight teams, often from existing personnel, did not give out huge salaries, and are covering their costs.

Yet there are others which went for market share with large, highly paid teams and which have found the going much tougher. It may be easier for some of them to face the embarrassment of pulling out, now that the first casualty has emerged.

Others may find themselves *vulnerable to large-scale poaching* or full takeovers in the months leading up to the first anniversary of Big Bang. The market is already hearing whispers of head-hunting activity on behalf of Nomura, Daiwa and Morgan Stanley—to name but three.

Lloyds' decision comes after a very difficult six weeks, when trading was in a tight range with little direction, the most difficult situation in which to make money, and the average level of profitability in the market seems to have deteriorated during that period.

The post-election period could be equally difficult. Most primary dealers went into the poll with long position and have have faced a falling market with little retail business since. Domestic institutions seem to be pretty fully invested and the *Japanese have, if anything,* been net sellers.

On top of this, the gilt market faces a supply burden, both immediate and in the longer-term. There was selling of the 8¾ per cent 2000 issue before its call payable today and, if this is repeated with the two other substantial calls over the next fortnight, the market could sruggle. More generally, he substantial build-up in reserves has left the Bank of England underfunded over April and May to the tune of £5.1bn.

Yields on the benchmark Treasury 11¾ per cent 2003/07 rose to about 9.07 per cent at Friday's close compared with 8.8 per cent a week earlier. The 9 per cent mark has been a formidable support level this year but on Friday the barrier fell with very little resistance.

Short yields too reflected the waning of hopes for lower interest rates, moving about 9 per cent in line with three-month money. Index-linked did better than conventionals, a sure sign that inflationary expectations hve taken a turn for the worse.

The gloom seems to be in response to an overall economic picture which, at a stretch and over time, could show the classic signs of overheating—higher wages, falling unemployment, fast growth and buoyant consumption.

It seems to be a case of having enjoyed enjoying "boom boom" Britain while it was attracting votes and finding it *painful once it starts to push* wages up.

Maybe these concerns are somewhat exaggerated amid an air of anti-climax after the dizzy euphoria of the election run-up. If the dollar and the US bond market start falling again, sterling and bonds may pick up. *However, nobody seemed to see* much mileage in fixed interest at the end of last week.

Janet Bush

FT/AIBD INTERNATIONAL BOND SERVICE

US DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
ABN Bank 8½ 91	150	96⅞	+1	8.84
Aetna Life & Cas 7¾ 16	200	94⅝	+0⅛	8.24
AHFC O/S Fin 11¼ 94	100	101⅝	+0⅞	11.37
AIDC 11 89	75	102¼	+0⅛	9.81
[illegible]				
Philip Morris 9⅞ 98	200	103	+1	9.40
PostOch Kred 13½ 87	50	100½	−0¼	8.27
Postipankki 11⅛ 90	75	105⅝	0	8.72
Proctor & Gam 10 95	150	105⅛	+0⅝	9.07
Pru Rlty Secs 0 99	365	34	+0½	9.76
Qantas Airways 8⅝ 96	97	96⅛	+1¼	9.26
[illegible]				
Gibraltar Savings 7½ 06	100	93	−0⅛	27.41
ITT 4¼ 87	50	104¾	−0¼	−0.14
Kinder-Care Int 6¾ 98	50	119⅝	+2¼	97.56
Lorimar-Telepics 6 01	100	78¾	−0¼	86.12
Newmont Mining 7 01	100	128¼	+2⅝	−0.52
Nippon Seiko 3¼ 99	70	154⅞	−0¼	0.82
[illegible]				
Petro-Canada 7¼ 96	200	88¾	+1⅛	9.15
Fujitsu 3 99	180	160⅝	[illegible]	4.82

STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is in billions. FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=current coupon. CONVERTIBLE BONDS: US dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price. WARRANTS: Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price. Closing prices on June 19.

Midland checks the rumours about its debt provisions

Midland Bank over the weekend sought to check the rising tide of rumours in the City about the launch of a massive rights issue, by making it clear that no decisions had been taken on how to handle provisions on Third World debt, writes **Paul Cheeseright.**

The assumption in the City has been that Midland would be forced to increase its capital in order to meet the cost of provisions that could go above £1bn.

"No decision on how to handle provisions has been made. We've been thinking about it for a long time," said a spokesman.

Speculation about a higher level of provisions at the Midland, with a covering rights issue, has been in the air for some time, but surfaced strongly again at the end of last week in the wake of moves by National Westminster.

Last Tuesday, National Westminster announced extra provisions of £466m. Such provision was equivalent to 30 per cent of its exposure to less developed countries, in contrast to the 25 per cent level which had become the norm among American banks after Citicorp took a provisions initiative last month.

Although the Midland does not believe that the NatWest move affects it directly, a move on the same scale as NatWest has made would involve bringing the total level of provisions up to £1.02bn, according to City estimates. This would absorb about two years profits, it is calculated.

At the same time, City analysts have been expecting Midland to make a rights issue of at least £500m to strengthen a capital base which is the weakest of any of the British clearing banks.

They have also been suggesting that Midland is considering asset sales and may itself have become vulnerable to a takeover.

Midland's exposure to the devloping countries is higher than that of the other clearers at £4.2bn. Of that figure, £1.4bn is taken up by loans to Brazil, £1.3bn by loans to Mexico and £700m by loans to Argentina.

The loans to these three countries account for 6.1 per cent of total Midland group assets. In 1986, Midland made provisions of £160m against bad and doubtful debts. Its existing provisions cover 6 per cent of its exposure.

Electra Trust's asset value up 30%

Electra Investment Trust's net asset value per share rose by 30.65 per cent in the year to March 31 1987, with total assets currently at £443.9m.

Directors attribute the rise to substantial realised and unrealised gains among Electra's unlisted investments and the strong performance of the listed portfolio. Its listed investments, at £215.1m, increased from 44 to 48.5 per cent of the company's net assets, partly due to the number of unlisted investments achieving quotations.

The trust has changed its year end from March 31 to September 31.

BOARD MEETINGS

TODAY

Interims: Burns-Anderson.

Finals: Borland International, James Cropper, Drummond, Estates and Agency, Oceana Development Investment Trust, Optometrics (US), Schroder Money Funds, Volex, Whitecroft, Wyndham.

FUTURE DATES

Interims:

Domino Printing Sciences	July 1
Rentokil	Aug. 18
Wilding Office Equipment	June 29

Finals:

Burndene Investments	June 25
ERF	June 24
Lovell (G. F.)	July 1
Parkdale	June 26
Rothschild (J.)	July 1

Caradon valued at £134m

By Richard Tomkins

Caradon, the branded building products maker best known for its Twyfords bathroom products and Mira showers, today publishes the prospectus for an offer for sale which will bring it to the market at a capitalisation of £134.4m.

S. G. Warburg, the merchant bank, is offering 13.45m shares — 25 per cent of the enlarged equity — at 250p each, with all the net proceeds going to the company. Stockbroker to the issue is Cazenove.

The company was formed through a £61m buy-out of its subsidiaries from Reed International in 1985. Its management team includes several ex-Redland executives and the board is headed by Mr Antony Hichens, formerly finance director of Redland.

The prospectus shows operating profits rising rapidly in the wake of the buy-out from £9.7m to £16m in the year to March 1987. The pre-forma historic PE is 14.5.

● comment

It is a long time since the building materials sector has seen a new entrant, so an issue of Caradon's size inevitably attracts attention. Interest will be further stimulated by the public's familiarity with the brand names and the City's familiarity with the management. Caradon is not without its weak points: the brevity of the track record, the ill-fitting and low margin plastic mouldings operations, and question marks over the durability of the UK consumer spending boom are points of concern. But with no vendors to be greedy over the price, the rating makes generous concession to these factors and the possibility of a sour market. With £18m in sight this year, the prospective p/e is a humble 11½, and enthusiasts are looking for a 50p first day premium to bring it into line with the sector.

Trafalgar House makes £200m offer for PFPUT

Questions of valuations and loyalties are main barriers

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

THE Pension Fund Property Unit Trust (PFPUT) is running its defence against the takeover bid for its property portfolio by Trafalgar House, the shipping, construction and property group, along three paths.

This has become apparent, both through public statements by Mr Cecil Baker, the chairman, and the just published annual report.

The three paths are:

● The claim that the portfolio itself is well-managed with a programme of refurbishment and upgrading, especially in the City of London offices sector.

● The argument that the value of the portfolio is increasing both because it is heavily weighted towards offices and retail property, and because the new flexibility given to the use of industrial property will enhance values.

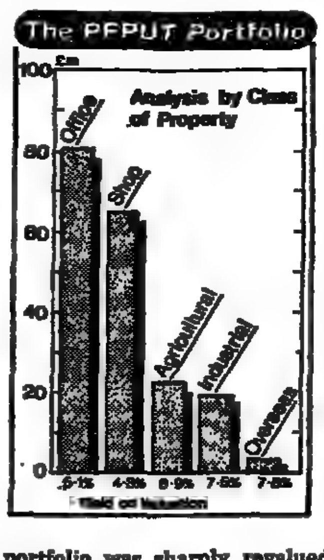
● The promise of an exciting future linked to the possibility of a listing on the Stock Exchange.

But it is, of course, the possibilities of a portfolio of enhancing values that attracted Trafalgar House in the first place. And the attraction has been strong enough for it to lift the total cost of its bid from £187.7m to £200m.

It was not the first on the scene. "The Trust has received a number of approaches," said Mr Baker in his chairman's statement. Some of these, it is true, were of the if-you-happen-to-be-in-the-we'd-be-interested variety.

The approaches underscore the point, though, that PFPUT has looked vulnerable as aggressive property companies search out every portfolio that might be undervalued.

Hence the spate of takeovers of the small and medium-sized investment companies. And the speed with which the PFPUT



portfolio was sharply revalued immediately after the first Trafalgar House approach suggests that the monthly valuations it was receiving from Jones Lang Wootton—and on the basis of which the Trafalgar House bid was made—understated the commercial value of the property.

"Values in a rising market are likely to be going up faster than the valuers take account of. They're relying on the evidence of transactions to adjust the valuations," PFPUT noted.

PFPUT is using the new valuations as a means both of staving off Trafalgar House, and of encouraging the loyalty of its unit holders—the pension funds. The bid price of its units rose 11.7 per cent in the two months to June. But they had been static for a year.

The difficulty for the PFPUT committee of management is that generally the pension funds have been reducing their property investment and particularly have been redeeming their units in PFPUT and other property unit trusts.

The annual report showed that in the year to last March, 13,284 PFPUT units were redeemed—that is, they were repurchased by the Trust which had to liquidate property assets to do it. The cost of repurchasing the units came to £28.3m and the proceeds from property sales came to £41.9m.

This level of redemptions was more than double the number in 1985-86 and reduced the total number of units to 82,440 by the end of last March. At that time, there were a further 9,658 units waiting to be repurchased.

That number has fallen since because pension funds have been waiting to see the outcome of the Trafalgar House approach.

What has happened is that the pension funds have been receiving an annual rate of return on their capital and income combined much lower than that from equities and gilt-edged stock.

PIPUT's rate of return in its last financial year was 6.1 per cent against 29.1 per cent for equities, and 11.2 per cent for gilts. And, as the annual report makes clear, over the last ten year the return on PIPUT units was an average of 13.2 per cent compared with 24.8 per cent for equities and 16 per cent for gilts.

Indeed, the gross distribution by PIPUT on each of its units has hovered between £134.95 and £141.95 for the last five years. The peak was in 1984, the through in 1985 and the distribution in the last financial year £137.85.

Taking the eight property unit trusts which make up the Phillips and Drew property unit trust index, PFPUT's rate of return over ten years is fractionally above the index average and would come fifth in a ranking of the eight.

PFPUT, in short, is no more nor less sluggish than others in a sector whose leaders concede that performance in the past has been a bit sleepy. On normal commercial grounds, the trusts are ripe for takeover.

The difficulty for Trafalgar House is that it cannot grasp the PFPUT portfolio unless holders of 75 per cent of the units agree to sell. This means that its effort of persuasion will have to be lengthy if it is to be successful.

But the PFPUT committee of management is looking to a future life without Trafalgar. It wants authorised status—that is it would be able to advertise to sell its units to a public wider than the pension funds—and, said Mr Baker in his statement: "The trust, once authorised, should qualify for a listing on the Stock Exchange."

In that context of the Trafalgar bid, however, this is long term. The property unit trusts have first to sort out the regulatory framework with the Department of Trade and Industry and the Inland Revenue, and then arrange listing requirements with the Stock Exchange.

And an authorised trust would be a very different animal from the present trust. If it were to be authorised, the pension funds could lose the tax-exempt status of their investment.

So it is a moot point whether the future Mr Baker holds out would necessarily appeal to the unit-holders, and whether it is a very effective weapon of bid defence when pension funds have seemed increasingly drawn to short-term returns.

FT Share Information

Barlows (Section: Property).
Brooks Service Group (Industrials).
Coles Myer (Stores).
G.C. Flooring & Furnishing (Industrials).
Nationwide Building Society 8¾ pc 23/5/88 (Loans-Building Societies).
Sock Shop International (Stores).

PENDING DIVIDENDS

	Date	Announcement last year
ASDA-MFI	July 21	Final 1.9
*Argyll Group	June 25	Final 6.1
*BPB	June 25	Final 5.5
Birmid Qualcast	July 1	Interim 1.25
Britoil	July 25	Interim 2.0
*Cable and Wireless	June 24	Final 6.0
*Charter Cns	June 24	Final 7.75
Dixons	July 16	Final due
Dowty	July 23	Final 3.2
*Ferranti	July 1	Final 1.15
GUS	July 23	Final 14.0
*Greycoat	June 25	Final 1.25
Guinness	June 16	Interim 2.24
Hogg Robinson	July 8	Final 5.23
*Johnson Matthey	June 18	Final 2.0
*Lloyds Bank	July 24	Interim 6.25
London Intl	June 19	Final 3.1
*Racal Electronics	June 23	Final 2.268
Rank Organisation	July 17	Interim 6.25
*Rothmans Intl	June 25	Final 4.5
*Rothschild (J.)	July 1	Final 12.8
Scot and Newcstl Breweries	July 1	Final 4.82
*TSB	June 25	Interim due
Thorn EMI	July 10	Final 12.5
*Trusthouse Forte	June 25	Interim 1.33

GRANVILLE SPONSORED SECURITIES

Capitalisatn. £000's	Company	Price	Change on week	Gross div. (p)	Yield %	P/E
8,571	Ass. Brit. Ind. Ord.	166	+ 5	7.3	4.4	10.1
—	Ass. Brit. Ind. CULS	166	+ 3	10.0	6.0	—
950	Armitage and Rhodes	38	+ 1	4.2	11.1	5.3
6,283	BBB Design Group (USM)	78	—	1.4	1.8	10.1
87,440	Bardon Hill	272	+21	5.3	1.9	23.2
9,100	Bray Technologies	165	+10	4.7	2.6	19.2
613	CCL Group Ordinary	175xd	+ 6	11.5	6.6	4.6
1,538	CCL Group 11pc Conv. Pref.	123	+ 3	15.7	12.8	—
17,555	Carborundum Ord.	146	+ 1	5.4	3.7	12.7
644	Carborundum 7.5pc Pref.	92xd	− 2	10.7	11.6	—
1,956	George Blair	108	+ 4	3.7	3.5	2.7
9,559	Isis Group	120	—	—	—	—
7,030	Jackson Group	135xd	+ 2	6.8	5.0	7.3
53,511	James Burrough	382xd	+ 3	18.2	4.8	8.7
3,397	James Burrough 9pc Pref.	97	+ 2	12.9	13.3	NA
38,988	Multihouse N.V. (AmstSE)	600xd	−30	—	—	19.8
9,821	Record Ridgway Ordinary	427	+ 2	1.4	—	8.6
2,214	Record Ridgway 10pc Pref.	82xd	− 4	14.1	17.2	—
816	Robert Jenkins	60	—	—	—	3.5
4,815	Scruttons	107	+ 2	—	—	—
5,000	Torday and Carlisle	176xd	+ 4	6.6	3.8	8.5
1,813	Travian Holdings	400	+20	7.9	2.0	8.3
24,400	Unilock Holdings (SE)	122	+11	2.8	2.3	22.5
42,777	Walter Alexander	165	+ 3	5.0	3.0	15.8
4,551	W. S. Yeates	195xd	—	17.4	8.9	19.5
4,240	West Yorks Ind Hosp (USM)	105	− 1	5.5	5.2	11.1

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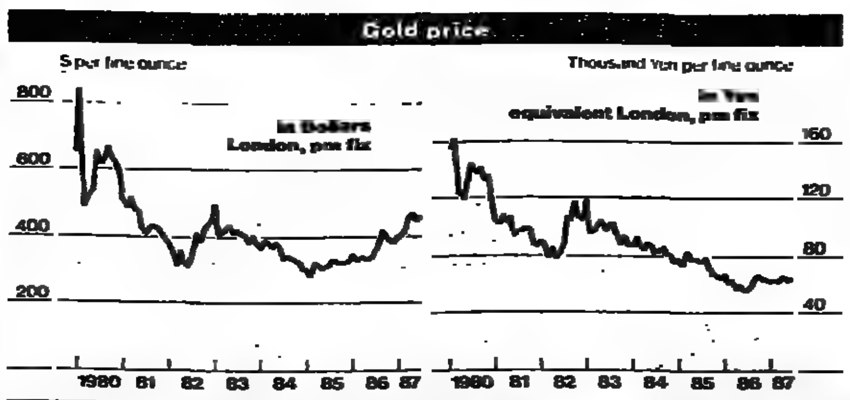
Granville Davies Coleman Limited, 27 Lovat Lane, London EC3R 8DT, Telephone 01-621 1212, Member of the Stock Exchange

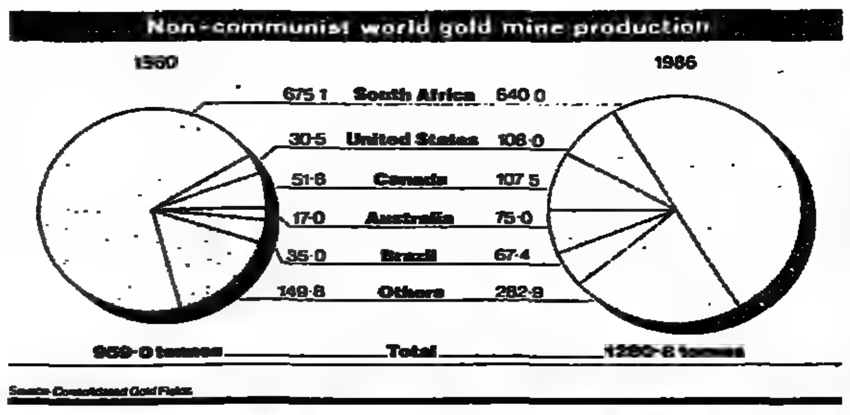
FINANCIAL TIMES STOCK INDICES

	June 19	June 18	June 17	June 16	June 15	June 12	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs.	91.16	91.94	92.38	92.28	92.04	92.70	93.32	84.49	127.4	49.18
Fixed Interest	98.50	98.88	98.85	99.08	99.12	98.79	99.12	90.23	150.4	50.53
Ordinary	1758.3	1783.1	1801.7	1794.5	1786.6	1767.9	1801.7	1320.2	1801.7	49.4
Gold Mines	390.1	383.0	380.2	388.7	388.1	409.3	485.0	288.2	734.7	43.5
FT-Act All Share	1137.25	1149.23	1158.35	1150.71	1149.72	1138.39	1158.35	835.48	1158.35	61.92
FT-SE 100	2266.1	2293.2	2320.4	2309.9	2307.6	2289.5	2320.4	1674.5	2320.4	986.9

FINANCIAL TIMES SURVEY

Investors are back in the market but in terms of major currencies bullion has only started this year to rise from its lowest levels of the decade. Several factors have sparked the return to favour such as heavy buying by Japan for Hirohito coins, says Stefan Wagstyl.





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Bullion is back in favour

INVESTORS are looking seriously at gold once more. After diminishing interest for most of the decade, the precious metals markets have in the past year been transformed by a modest surge in investment.

From a low in early 1985 of $284 an ounce, gold rose to a four-year peak of $482 this spring; platinum prices have soared in the same time from $237 an ounce to more than $600; even silver prices, which for a long time failed to respond to movements in gold and platinum, made a spectacular leap earlier this year doubling to more than $11 an ounce in hectic trading.

Prices have since fallen back. Gold was last week trading at $450 platinum at $580 and silver at $7.60.

But the fears which have combined to set these markets moving are still present. Above all, concerns about the US federal deficit and the American external deficit, which have scared world financial markets, have not diminished in the past year.

However, it would be wrong to exaggerate the shift in sentiment which has occurred. All that gold has achieved in a few jumps since last summer is, belatedly, to recover the value which it lost when it failed, at first, to respond strongly to the early phase of the decline in the US dollar in 1985.

In terms of other major currencies, bullion has only started rising from its lowest levels this decade since the beginning of 1987. The chart above shows the performance of gold in terms of Japanese yen.

Increases in investment in Europe and North America and, above all, Japan have, to some extent, been offset by a sharp decline in buying in the Middle East, where falling oil prices have hit the pockets of Arab investors very hard.

Nevertheless, Mr Keith Smith, managing director of Mocatta and Goldsmid, the London bullion bank, says: "The difference is that the investors are back in the gold market. Two years ago . . . even a year ago they were not really there."

Even Consolidated Gold Fields, the mining company which is known for its caution in making market forecasts, said in its 1987 annual report: "The growing perception that gold has a role to play as a form of insurance against all kinds of financial and political cataclysm, not merely inflation, seems certain to encourage investment demand."

A number of events in the precious metals markets over the past 18 months have combined to kindle this investors interest:—

The Japanese government's buying of gold early in 1986 for minting coins to mark the 60th anniversary of the reign of Emperor Hirohito, Japan's Head of State, took an unexpectedly large amount of bullion off the market.

The importance of the coin issues, which absorbed 182 tonnes of metal, is compounded by the fact that the 100,000 yen coins were sold at more than double the value of the gold contained. So prices would have to rise spectacularly before these commemorative coins could be sold at a profit. The official issue encouraged a huge spurt in Japanese investment in gold which took the country's total purchases last year to 650 tonnes, or half the Western world's supply of new mined metal.

The competing efforts of mints producing gold coins increased the private investors' awareness of bullion, particularly in the US, where the newly-launched American Eagle has done spectacularly well. Silver Eagles too, have been popular.

Platinum brought speculative investors back into precious metals in mid-1986 when prices rose and hit a brief September high of $682 an ounce, the highest since 1980, on fears that South Africa, supplier of four fifths of the West's metal, might interrupt shipments in retaliation to Western economic sanctions. Johnson Matthey, the refining and marketing company, estimates that investors bought 75 per cent more platinum last year than in 1985 and accounted for 16 per cent of the sales of what is primarily an industrial metal.

Gold rose in the wake of platinum as investors traded the two metals against each other, not believing that platinum could maintain premiums over gold of up to $300.

More importantly, in the autumn, some investors took fright at the heady rise in US bond and equity markets. Fears about America's mounting government and external trade deficits prompted a re-assessment of the country's financial health. As these concerns mushroomed in early 1987, the decline in the dollar suddenly accelerated and bullion soared.

More evidence that sentiment had shifted in favour of metals came with the spectacular rise in silver prices in March and April. The metal's failure to respond to the 1986 rise in gold had led some analysts to question its status as a precious metal. This all changed in a few hectic days' trading, when silver played its traditional role of moving faster than gold in the early stage of a bull market in precious metals.

Investment purchases of gold are difficult to quantify because buyers like to be discreet. Gold Fields estimates are detailed in an article in the survey. Goldman Sachs, the US investment bank, has published figures which show a similar rising trend for last year but reach a higher total because they include purchases of coins and medallions as investments, whereas Gold Fields considers only bars.

Goldman estimates that Western world investment more than doubled last year to 718 tonnes—or the equivalent of over half the Western world's new-mined production which totalled 1,300 tonnes.

This comparison is at the crux of any forecast of gold prices. On the one hand, the amount of money invested in gold is minute in relation to the size of the global financial markets. Shearson Lehman Brothers, the US trading company, estimated earlier this year that the total value of investment purchases of gold in 1975-85 amounted to just 0.45 per cent of the value of capitalisation of world equity markets. So it is obvious that it would take only a proportionately very small shift in funds to transform the bullion market.

On the other hand, it is equally clear that investment demand is crucial to the gold market. Investor purchases will have to grow in order to absorb the steadily increasing output of the world's mines. Encouraged by high profit margins, mining companies have developed scores of new gold mines in the 1980s.

These arguments led Goldman, in a report published in April, to be more cautious than most forecasters. Given that the Hirohito issue was a one-off event, it was difficult to see how investors could buy as much gold as last year, said Goldman. It added that 1987 did not look like a year of extreme political or financial distress.

More bullish analysts point out that gold would react to precisely the kind of unexpected event which by definition cannot be predicted. They argue that imbalances in world trade and debt make the world economy acutely vulnerable to sudden shocks.

Mr Guy Field, senior vice president of Morgan Guaranty and former head of the bank's bullion and foreign exchange operations, says: "I think people are beginning to lose a bit of faith in the financial markets."

Other observers suggest that even if precious metals prices shoot up in response to an economic or political shock then they might not stay high for very long. Investors, so the argument goes, have become more attuned to looking for short-term returns. They would sell once prices steadied.

There has already been enough buying and selling of precious metals in the past 18 months to bring a healthy increase in traders' revenues. On the Commodity Exchange in New York, volume in gold futures last year increased for the first time in five years. On the New York Mercantile Exchange, platinum trading more than doubled to 1.6m contracts. This year silver trading soared so fast in April that it swamped the Comex clearing system.

There are no comparable figures for off-exchange bullion markets. But bankers in New York, London, Zurich and Tokyo all say business was up last year and has not fallen away in 1987. Only Hong Kong, among the major centres, saw a decline in trading last year, largely because of the competing attractions of soaring local stock markets.

The continuing globalisation of bullion trading has meant that markets tend to benefit simultaneously from any upturn in volume. However, if most of the centres complement each other by being in different time zones, they continue to compete, as individual companies battle for business.

In Europe, it is clear that London has been gaining ground at the expense of Zurich—although Swiss bankers deny this. Several overseas banks have in the past year made plans to start bullion operations in London—among them Union Bank of Switzerland, and most recently the Japanese trading house, Nissho Iwai.

The oak-panelled sanctum of N. M. Rothschild where the price of gold is "fixed" or set twice daily ALAN HARPER

Gold and Precious Metals

Share market

Crucial link with metal price

SHARES IN Eastmet, a small Australian gold company, were on sale at 50 cents last year. Now they are about $A1.50. It is not unusual for a speculative gold stock to rise in this way—over the last 12 months Eastmet has successfully brought on stream a modest open-cut mine called Youanmi, in Western Australia, which is planned to produce over 35,000 ounces a year.

What is significant however is the extent to which the performance of Eastmet's shares has been repeated in stock markets around the world. Despite the fact that gold shares have fallen back quite sharply from their peaks in early May, the Australian Gold Index now stands 270 per cent higher than it did at the beginning of 1986; the Toronto gold Index has soared 93 per cent.

Even the politically-blighted South African market has been set alight. The FT Gold Index of South African stocks stands 59 per cent higher than at the beginning of 1986.

Where the shares go next depends crucially on the gold price — stockbrokers who believe gold will fall are advising investors to sell. Those who think the opposite, argue that the recent correction means that it is a good time to buy.

There are a number of powerful reasons why gold shares have risen as fast as they have. Non-South African shares began to move last summer after bullion rose sharply above $360 an ounce, prompting some forecasters to suggest it might go to $500.

Australian shares reacted fastest, partly because they were seen to be cheap in comparison with North American stocks when valued on a multiple of likely earnings. Mr Bob Hawke, the Prime Minister, gave the market a further boost by rejecting proposals to start taxing gold companies.

Fears about the future of the US economy, and therefore about the US financial markets, emerged in the autumn and added weight to the arguments for buying gold stocks as an insurance, especially for investors with dollar-based assets.

As these concerns grew and the dollar plummeted, after Christmas the rise in gold shares accelerated and even the gloomy South African market started rising because its stocks looked so cheap in relation to the rest of the world.

By the standards of industrial equities, non-South African gold stocks remain highly valued. Australians are typically on multiples of 25 times their prospective 1987 earnings. In North America, ratios of 40 are not uncommon. This compares with an average of 20 for Wall Street.

But such a direct comparison ignores two things. First, gold mining may be one of the oldest industries on earth but it is currently going through a phase of unprecedented expansion. For example, Echo Bay, a leading Canadian stock, is set to produce 500,000 ozs a year by 1988—double the 1985 figure.

Average total costs, including depreciation, were $214 an ounce outside South Africa in 1985, and lower still last year, according to Consolidated Gold Fields. As a result, funds continue to pour into exploration and development, increasing the chances for yet more mines coming on stream.

Investors pay a premium for those producers which have an attractive portfolio of exploration projects. An example is Placer Pacific, the Australian vehicle of the Canadain group Placer Development, which has two prime prospects in Papua New Guinea—Porgera and Misima Island.

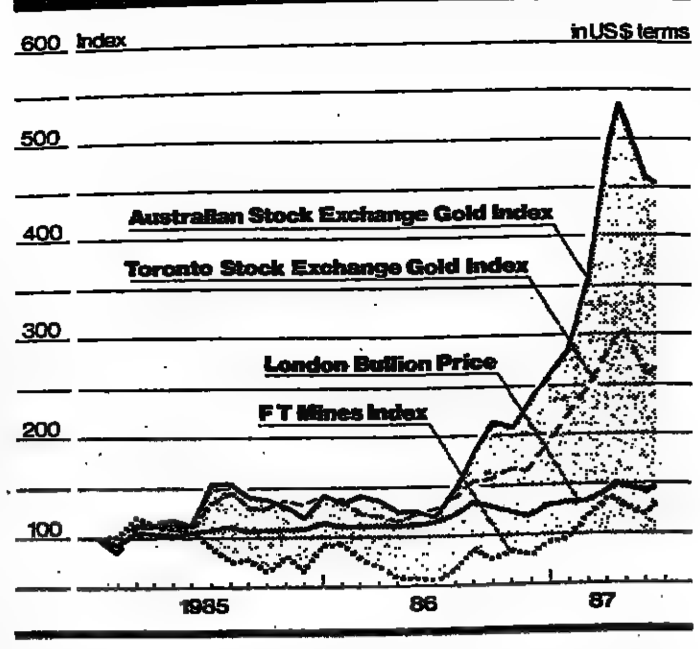
The second reason why investors are paying considerably more for gold shares than for industrial equities is that they expect gold prices to go up. The bullion price is the prime determinant of the price of gold stocks—but the two do not move exactly in parallel. Share prices tend to be more volatile than the bullion price—rising faster in a bull market and falling more quickly in a bear market. This is because gold company earnings increase by an average of 20 per cent for every 10 per cent rise in bullion.

Mr Peter Miller, of London stockbroker L. Messel, recently said: "In comparison with the bull market of 1979-80 we are still probably no further ahead than the situation in mid- to late-1979 with the metal finally attempting to catch up with the shares. In 1980 shares doubled from corresponding levels."

Forecasters who are bearish about shares, on the other hand, are bearish about bullion. They argue that, as a defensive measure, investors should at least protect themselves from the greater volatility of shares by switching to bullion.

South African shares are a special case in the argument.

Gold shares versus Bullion



Certainly they are influenced by bullion prices like other gold stocks. But the twists and turns of the country's political crisis are equally important.

In the spring, hopes that reform-minded candidates including Dr Denis Worrall, South Africa's former ambassador to Britain, might do well in the May General Election, supported an increase in South African golds. In the event, South Africa lurched to the right and shares fell back.

It follows from the discussion of the relationship between shares and bullion that the timing of an investment decision in the gold share market is usually more important than the choice of stock. Nevertheless, the growing number of listed gold companies offers plenty of scope for trying to pick winners.

Stefan Wagstyl

London bullion trading

Reforms on the way

THE LONDON Gold Market is in the throes of its greatest change for nearly 70 years. The five bullion houses which have run the market since 1919 are later this year planning to share control with other banks and trading companies in the City.

By the standards of some other financial markets the proposed reforms are modest. But for the London Gold Market they amount to an important break with the past. They show how the gold market is responding to the pressures of international competition and of demands for regulatory reform from the Government—the same pressures which are reshaping virtually every other market in the City.

The market's five members have no intention of opening up the doors of their oak-panelled sanctum—the room in the offices of N M Rothschild where the twice-daily "fix" or pricing session is held around tables with little Union Jacks standing on them. This will remain the lucrative preserve of Rothschild, and the other fix members—Mocatta and Goldsmid, Sharps, Pixley, Samuel Montagu, and Mase Westpac (formerly Johnson Matthey Bankers).

However the houses intend to involve the market's 50-odd associates in its future management, especially the 10 or so companies which actively trade bullion in the wholesale market, among them Shearson Lehman Brothers and Morgan Guaranty of the US, Canada's Bank of Nova Scotia, and Credit Suisse of Switzerland.

Some of these associates have long complained, albeit discreetly, that their financial power was not reflected in the market's undemocratic structure.

The Bank of England, which did the bullion market an incalculable favour by rescuing Johnson Matthey Bankers from collapse in 1984, has also been quietly pushing the fix members towards reform. And the Government's Financial Services Act, which came into effect late last year, has provided the opportunity.

Under the legislation, the Bank of England's authority to regulate city markets — including bullion — is being formalised. The Bank intends to publish rules for these markets later this year, incorporating written codes of conduct.

It will also publish lists of "fit and proper" institutions authorised to operate in each market. It is up to individual companies to apply for listing.

The codification of these rules has prompted the bullion market, among others, to formalise the contacts between members, so as to create stronger organisations capable, if necessary, of lobbying the Bank, the Government, MPs and the public.

"The major role will be to ensure that London continues to hold its position as the major market centre in the world market," says Mr Robert Guy, chairman of the London Gold Market.

Mr Guy is leading a steering committee established to draw up rules for a new body which will probably be called the London Bullion Market Association. The regulations are still being drafted, but it is likely that the association would be run by an elected committee in which three groups would be separately represented — fix traders, wholesale traders, and non-trading companies such as refiners and jewellery makers.

This tripartite structure would fall somewhat short of being fully democratic. But Mr Guy argues that it would reflect the weight of the different interests in the market.

It would also reflect the growing internationalisation of the London market. London houses have set up trading offices abroad, in New York, Hong Kong and elsewhere, while foreign companies have come to the City.

Bullion dealers in action in London which claims to have beaten off the challenge of competition from Switzerland

The number of overseas groups, especially US companies, trading in London has been growing steadily since the abolition of exchange controls in 1979. The latest companies to disclose plans to start trading include Union Bank of Switzerland (Credit Suisse has been active for several years) and Deutsche Bank.

Traders at some of the overseas companies say that they have won market share from the five members of the fix. Such claims are difficult to measure in a market in which turnover is secret.

What is clear, however, is that London market as a whole has grown because recent arrivals have brought more clients and more business to the City. They seem to have assured London of its position in what has become a 24-hour global market in gold.

Mr Guy Field, senior vice-president of Morgan Guaranty who previously worked for Samuel Montagu and for Philipp Brothers, the US trader, says "Most of the major houses have brought a lot of business to London. They have underlined its pre-eminence in the world market."

London bullion bankers are confident that they have now beaten off the challenge of competition from Zurich which in the early 1970s rivalled London in importance. This was after the Swiss banks won a virtual monopoly of South Africa gold sales in 1968.

London traders say that, although Zurich remains an important bullion centre, the fact that two out of three of the big three Swiss banks are now trading in London speaks for itself.

Stefan Wagstyl

GOLD & PRECIOUS METALS 3

Supply and demand

Japan keeps the market buoyant

THE RALLY in gold prices, which has seen the metal go from under $400 to over $450 an ounce, owes almost everything to Japan.

Japanese investors were last year more important than anyone in buying up the increased supply of metal from newly-opened mines around the world and from sharply increased sales to the West by the Soviet Union and China.

Their significance in pushing up prices highlights the importance of analysing the gold market in the context of the general climate for competing forms of investment.

In the past year fears about the political future of South Africa have played their part in influencing the market. But investors have been motivated primarily not by concern about shifts and possible shifts in the supply and demand for gold but by changes in the mood of other financial markets, above all in the US stock and bond markets.

However, a look at supply and demand in the gold market itself does provide some indications of changes in investors' behaviour.

Last year Middle East investors, so often a mainstay of the market, sold more gold than they bought as falling energy prices hit their pockets. But Japanese investors more than made up for the shortfall, stimulated by the fact that gold remained near record lows in yen terms and by the issue of coins to mark the 60th anniversary of Emperor Hirohito's reign.

Consolidated Gold Fields, which publishes an annual report of the market, estimates that investors outside Europe and North America bought 220 tonnes of gold in bars, against 310 tonnes in the previous year. In addition, the Japanese used 182 tonnes of metal in the Hirohito issue, which was not strictly a bullion coin because it was priced high above the value of the contained gold.

In Europe and North America investors bought a net 81 tonnes, against disposals of 170 tonnes in 1985, according to the report. Gold Fields estimates that these investors have continued to buy in 1987, motivated by worries about the state of US financial markets.

As Gold Fields says, the figures for European and North American investment need to be treated cautiously because they are balancing items in the group's estimates, but they do indicate a substantial shift in mood.

However, there are a few bearish points to be made in this generally bullish analysis of investors' behaviour. First of all, the market was heavily dependent last year on Japan, which bought 650 tonnes of metal, or half the mine production of the non-Communist world.

Secondly, in addition to selling bars, Middle East investors were also heavy sellers of scrap gold during the rally in September 1986. Overall, scrap sales rose to 465 tonnes, their highest since 1980, when 482 tonnes were sold and prices averaged $612 an ounce.

Mr George Milling-Stanley, the author of Gold Fields' survey, says that the gold market has become more efficient, so rallies are likely to stimulate old gold sales much more readily.

Nevertheless, Gold Fields, which is known as one of the most cautious of forecasters, is more positive about investment demand than it has been for several years.

Looking at the gold market in terms of the outlook for supply and demand, sustained and growing investment demand would appear to be essential just to keep gold at its current price, never mind supporting increases.

The output of Western world mines, which has risen by a third since 1980 to 1281 tonnes last year, is expected to keep growing for the foreseeable future. Increases in the US, Canada and Australia more than offset a slight decline in South Africa. South Africa's share of Western world output could fall below 50 per cent by the end of the decade.

With profit margins spectacularly high, companies can be expected to keep searching for deposits and bringing them into production. Gold Fields estimates that the total costs of operating mines, including capital costs, fell to an average of $245 an ounce outside South Africa in 1985, and should fall further this year. In South Africa the average cost last year was $181 an ounce, according to the Chamber of Mines.

The West could also see continuing high levels of Communist sales. China may be unable to repeat last year's estimated sales of about 50 tonnes in 1987, but the government is committed to increasing output so as to raise foreign exchange earnings. The Soviet Union, which sold 350 tonnes or so in 1986, is thought to have continued selling bullion at a similar rate this year—the country needs revenue from gold to compensate for lower earnings from oil and gas sales.

Western world governments last year bought more gold than they sold for the second year running. Their net purchases of 181 tonnes no doubt helped support the market. But the most important point about central bank holdings is that the 36,000 tonnes of metal they control is largely immobile and unlikely to be sold to anyone for fear that such disposals may upset the international financial system.

Private holdings are more fluid, as the 465 tonnes of scrap sold last year demonstrates. But again very little has disappeared: it is estimated that of the 100,000 tonnes or so of gold ever mined, more than 80,000 tonnes is still available. Industrial consumers of the metal—electronics companies, dentists and others—accounted for under 15 per cent of the 1,686 tonnes of gold used in fabrication last year. The rest went mainly into jewellery, which for many buyers, is if not, consciously, a form of investment then certainly a way of storing and displaying wealth.

This is particularly true in the Middle East, India, and elsewhere where buyers prefer high-carat jewellery for its gold content, instead of low-carat articles for their decorative appeal.

Stefan Wagstyl

South Africa

Mining reforms held up

THIS YEAR'S March quarter results from South Africa's gold mines sent shivers down the spines of many investors.

Production at four mines — Randfontein, Western Areas, Beatrix and Freegold — had been hit by work stoppages or resignations by black miners, underlining just how vulnerable South Africa's labour-intensive gold mining industry is to work disruptions. Industrial relations remain the gold mine's most problematic area and, in the wake of the white electorate's rightward lurch in May, the industrial relations field is likely to become more rather than less difficult.

Last year, the Botha Government became increasingly nervous of white voters' swing towards parties to the right of the ruling National Party — a swing which was particularly marked in mining constituencies. Electoral fears paralysed whatever was left of the Government's reform programme and, to the dismay of the mining companies and black miners, persuaded the Government to renege on its promise to scrap mining job reservation by the end of 1986.

Racial clauses in the Mines and Works Act continue to bar half-a-million or so black miners from supervisory line positions, and prospects of agreement between the employers and the white unions on lifting the colour bar seem as remote as ever.

The Chamber of Mines, which represents the mineowners, promised job security guarantees hoping to persuade the white unions to agree to an opening of reserved jobs. However when the white unions would not agree, the Chamber dropped its guarantees.

Chamber and black union officials now fear that even if racial discrimination is scrapped from the Mines and Works Act the colour bar will be preserved by other means such as literacy, numeracy and language skills requirements which favour whites.

The white miners fear that they would be replaced by "cheap" black labour. And since white miners in the Carletonville constituency elected Mr Arrie Paulus, the former general secretary of the all-white Mine Workers' Union (MWU) and a staunch opponent of removal of the colour bar, to represent them in the white House of Assembly, their fears and opposition can be articulated in parliament.

The all-black National Union of Mineworkers (NUM), which claims a membership of more than 300,000, is in a quandry. Wage and safety issues and the colour bar are at the top of its list of priorities, but the union's leadership is understandably restrained in its militancy. Independent black unions, which have articulated black political demands as well as labour issues, fear the government is intent on breaking them.

Neither the NUM nor most mining houses relish a re-enactment of the strike by 15,000 black railway workers earlier this year when police were used to break the strike and 11 demonstrating strikers were shot dead in the streets of Johannesburg and Germiston.

It is paradoxical that, in South Africa's highly-charged racial atmosphere, the needs of the majority of mining industry employers and employees have converged with both sides opposed to the general direction of white politics.

The NUM and some employers would like to see an end to the migrant labour system and the creation of permanent workforces to man the mines. If push came to shove, however, it is unlikely that the mines themselves would go along with the NUM's call for equal treatment for black and white employees.

Black miners live in vast single-sex hostels which industry spokesmen themselves admit are akin to prisoner-of-war camps and where prostitution, homosexuality and bestiality are rife.

By way of contrast, the mines' provide most of their 50,000 or so white employees with family housing at subsidised rentals and with free utilities. Merely providing half of the black workforce with comparable married accommodation would cost anything up to Rands 5bn or twice the amount the mines spent on all capital projects in 1986.

Mechanisation is not a feasible answer. The geology of the Witwatersrand gold reefs precludes large scale additional mechanisation, particularly in mines whose reefs are narrow.

Last year Randfontein and Western Areas, whose reefs are particularly wide, announced mechanisation plans which would have allowed their workforces to be cut by between a quarter and a third. That led to work stoppages by black miners which cut Randfontein's recovery grade by 5 per cent and Western Areas' by more than 7 per cent in this year's March quarter and which, in turn, pushed the mine's gold mining operations into the red.

Beatrix, a comparatively new mine in the Orange Free State, suffered a 20 per cent gold production loss in the March quarter after half of the black workforce quit in reponse to considerable fighting in the black compound, again underlining the mines' reliance on black labour. Violence is endemic on the mines.

So, too, are accidents which usually kill more than 800 men each year and take the lives of proportionately more than twice as many black miners as white.

The NUM argued successfully that black miners should henceforth be included on mine safety committees.

While the white union men remain doggedly opposed to removal of job reservation, they daily flout the law governing supervisory responsibilities simply to ensure that gold bearing rock is broken and tallied.

If black miners were to protest against their continued exclusion from supervisory underground jobs by insisting that white miners observe the racially — discriminatory clauses on the Mines and Works Act, South Africa's gold mines would grind to a halt within days.

It is not a thought which has escaped union leaders who are determined to adhere meticulously to the country's laws.

Jim Jones

Silver

Regaining lost sparkle

SILVER HAS this year taken the precious metal market by surpise. At the beginning of 1987, silver had been so quiet for so long that traders wondered whether investors had abandoned the metal for good.

There were even suggestions that silver should perhaps no longer be regarded as a precious metal, with a price influenced largely by movements in other financial markets. Rather, it should be regarded as a base metal, with its price determined mainly by changes in industrial supply and demand.

But in the weeks since the middle of March, the silver market has been transformed. A steady rise in prices from around $5.55 an ounce, accelerated in a few days of frenzied trading to reach over $11.25 an ounce on April 27—a rise of more than $2 on the day—before falling back to about $7.50

The volume of investment interest was so huge that the Commodity Exchange in New York, the world's largest silver futures market, was swamped and had to close early for three days to sort out a backlog of unsettled trades.

After such wild price movements, it is hardly surprising that traders differ greatly in their price forecasts. But many believe that now investment interest has been rekindled it will not quickly die away again.

The past history of precious metals prices shows that, in times of financial uncertainty, silver tends to outperform gold. This is because even when conditions are poor for precious metals prices—as they have been during the bull markets in stocks and shares in the 1980s—some investors continue buying precious metals. They buy gold because of its status in the international monetary system and because it is more valuable weight for weight so it is easier to handle.

However, when conditions move in favour of precious metals—as they have done in the wake of the fall in the US dollar this year—the impact on silver is likely to be greater, as an absence of investor interest suddenly turns into a glut.

All this makes silver a very tempting market for short-term investors looking for volatile prices. What is unclear is how long investors will be prepared to hold metal if prices settle. US investors may want to protect themselves against further falls in the dollar, given the doubts surrounding the Federal Budget and trade deficits. But investors in Japan, West Germany and Switzerland, where currencies are strong, may be less willing to move out of income-bearing investments, given that inflation rates are generally lower than they were in the commodity price boom of the late-1970s.

This year's activity in the market demonstrates that supply and demand in silver matters less than the mood of the financial markets, once investors start buying precious metals.

Nevertheless, news from within the silver industry has certainly helped prices along. In mid-April, Peru, the second largest Western world producer after Mexico, reminded the market that supplies should not be taken for granted by announcing that silver sales were to be suspended. Traders said the ban would not take effect before October at the earliest and would probably not be carried out. Nevertheless as a manoeuvre to boost prices, the statement by Peru's President Alan Garcia worked wonders.

More broadly, bullish traders argue that the silver market is generally looking brighter than it did. The abortive efforts of the Texan Hunt family to corner the market in 1980 put a blight on silver. Even after the Hunts said in 1985 that they had sold most of their 95m oz stockpile, investors shied away from silver in the belief that the Hunt metal had simply passed into other hands.

As a result, while gold and platinum prices rose last year, silver fell during 1986, despite a depreciation in the US dollar.

However, say the bulls, while the Hunt's silver has not disappeared, the total stock overhanging the market has declined. Low prices last year forced the closure of Sunshine and Lucky Friday, two of the largest US mines. Meanwhile, industrial users of silver—chiefly photographic film-makers—have increased their purchases modestly.

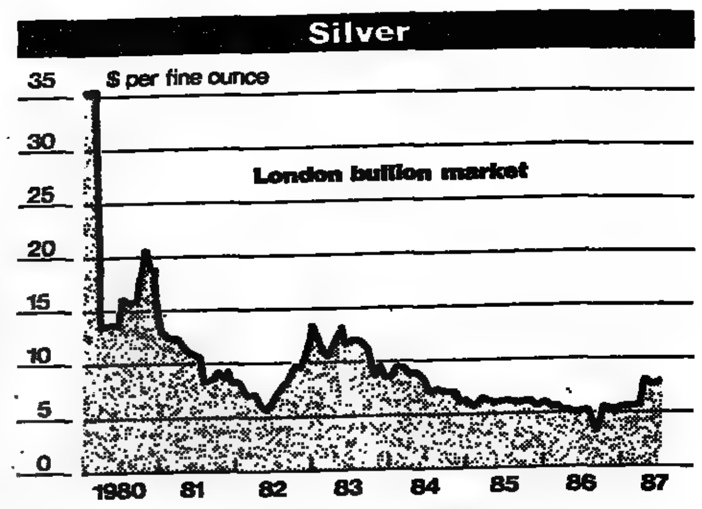
The net result is that reported silver stocks fell during 1986 from an all-time peak of 241m oz to 201m oz, according to Goldman Sachs, the US investment company. This is still six months' consumption, says Goldman in a report, but the speed of the decline shows that the market is correcting the over-capacity which plagued it.

Goldman estimates that the fall in US mine production, a small decline in scrap silver recycling and an increase in Communist countries' imports meant that Western world silver supply fell last year by 4.4 per cent to 447m oz. Industrial demand rose 4.9 per cent to 398m oz.

But the bulls' case is by no means conclusive. If prices stay close to $8, then Lucky Friday and Sunshine mines could well reopen. Even without them, Goldman sees a slight increase in overall Western world supply in 1987 to 467m oz, with industrial demand growing by 3 per cent to 410m oz.

So it is investors who must buy metal if price increases are to be sustained. On one measure—possibly the most important—silver still has some way to go towards re-establishing itself as a precious metal. The historic ratio between gold and silver prices is about 40:1. This widened as silver fell in 1986 to nearly 70:1. By April 27 this year it had recovered almost all the ground it had lost to hit 45:1 but has since widened again to over 55:1.

Stefan Wagstyl



Platinum

Investors move into the market

IF 1986 is to go down in history as the year in which platinum's price relationship with gold was redefined, 1987 could be the year in which the new relationship is consolidated.

Although the immediate panic about the threat to South African supplies is over, for the time being at least, the increased level of buying interest it generated is continuing to add extra bite to a fundamentally strong supply-demand picture and platinum is still maintaining a substantal premium over the yellow metal.

The free market platinum price began 1986 at $342.25 a troy ounce, with a $15 premium over gold.

By September 5, growing pressure for strong economic sanctions against South Africa—by far the world's biggest supplier—plus fears that South Africa might impose counter-sanctions in the form of export restrictions, had lifted platinum to a 5½-year peak of $673.75 an ounce and widened the premium to a massive $310.20.

As the panic subsided, so did the platinum price. By the close of the year it was trading at $468.75 an ounce and the premium over gold had dipped below $90.

This year has seen a confirmation of investors' renewed faith in the platinum market, however. Last week the price was back above $580 an ounce and since mid-January the premium has remained comfortably in excess of $100.

Platinum's latest show of strength owes a good deal to sentiment in the gold market, "without, however, being in danger of losing the individuality it has re-acquired since mid-1985," observes Johnson Matthey, the London bullion trader, in its recently-published review "Platinum 1987". Johnson Matthey sees this as "a further demonstration of platinum's twin attributes as a precious as well as an industrial metal".

According to Johnson Matthey, non-industrial demand accounted for 45.7 per cent of last year's record total Western world platinum consumption of 2.85m oz, compared with 34.9 per cent of 2.32m oz in 1982. That share increase was due to a surge in investment demand from 2 per cent (46,000 oz) to 15.7 per cent (447,000 oz).

While jewellery's consumption share was down from 1982's 32.9 per cent to 30 per cent in 1986, it still represented a rise of 90,000 oz. And about 40,000 oz of the rise came between 1985 and 1986, a performance which surprised many market experts, who had assumed that high prices would be reflected in lower jewellery usage.

The platinum jewellery sector is heavily dependent on Japanese demand. "They love the stuff," says Patrick Smith of Johnson Matthey. Of the 855,000 oz purchased by the jewellery trade in 1986 some 740,000 oz went to Japan, according to Platinum 1987.

While the market can clearly take heart from the apparent price-insensitivity of Japanese demand for platinum jewellery, might there not be some grounds for concern in the increasing role of investment purchases? Investors are not truly consumers, after all—they buy only in order to sell later. And had they not stepped up their purchases by 75 per cent, last year's consumption total would have shown a fall of 170,000 oz instead of a rise of 20,000 oz.

Mr Smith does not seem too concerned, though he admits that the increased size of the investment sector "may act as a damper on rises".

Brian Nathan of Ayrton Metals agrees. "Investment holders are looking for a profit," he explains. "They will sell into rises, which tends to smooth out peaks and troughs."

"Peaks and troughs" have always been features of the platinum market. "Platinum quite often moves faster than gold—either upwards or downwards," says Mr Nathan. "The platinum market is smaller and more volatile—there is a larger pool of gold 'above the ground'."

He also points out that, while the platinum market is very much influenced by similar factors to gold, a larger proportion of the gold market is price-sensitive.

On the industrial front, the automobile industry has become the biggest single user of platinum. Production of exhaust cleaning catalysts alone in 1986 accounted for 38.8 per cent of consumption, up from 27.8 per cent in 1982.

Autocatalyst usage of platinum is estimated to have reached 1.05m ounces in 1986, up from 910,000 ounces in 1985 and 645,000 ounces in 1982.

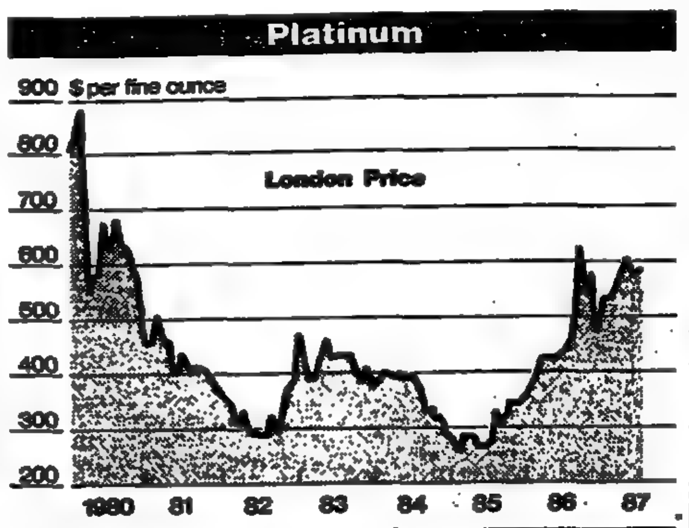
Other consumption sectors are quite small by comparison with autocatalysts, jewellery and investment. The chemicals industry used 195,000 ounces last year, Johnson Matthey calculates, while electricals used 185,000, glass 90,000, petroleum 25,000 and others 5,000.

On the supply side, Johnson Matthey estimates that South Africa accounted for 2.35m ounces, or 83 per cent of the 1986 total. That represented a rise of only 10,000 ounces over 1985, while shipments from Canada were unchanged at 150,000 ounces. The major contributor to the 70,000 ounces rise in total supplies was the Soviet Union, with sales up 60,000 ounces to 290,000, mostly going to Japan.

Apart from possible plans for new workings at Western Mining, Johnson Matthey sees "no hint of any intention to expand production capacity" in South Africa, while demand growth is forecast to be "steady if unspectacular".

The resulting price trend, it says, is likely to be "basically firm but fluctuating in generally more tranquil market conditions than prevailed last year."

Richard Mooney



GOLD & PRECIOUS METALS 5

Private investors

More mints are coining it

GOLD HAS always had a special appeal for the private investor. There is no logical rhyme nor reason why it should be so favoured in modern times. But the traditional hoarding instinct runs deep, and historically gold has been seen as a desirable store of wealth, a safe haven, particularly in times of crisis and uncertainty.

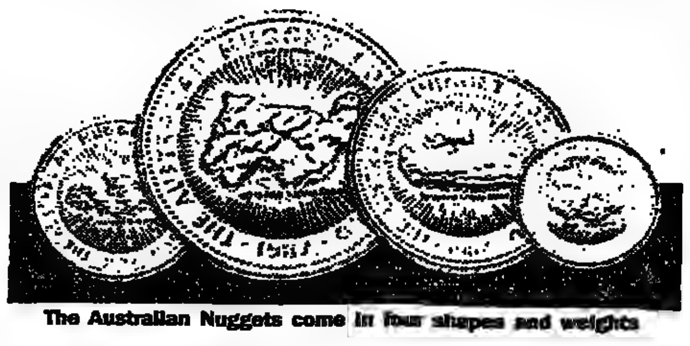
Even the most sophisticated investor still recommends keeping a proportion, say 10 per cent, of their portfolios into gold, in one form or another, as a form of ultimate security.

In recent months investing in gold has paid off. The bullion price has advanced substantially, at least in dollar terms, and gold mining shares have been a boom market. As a result, gold based funds have been among the best performers this year, providing patient investors with at least some reward after a long period in the doldrums.

One of the main attractions of gold is its portability and acceptance as an international currency throughout the world. To achieve that you need the physical metal itself in your possession. As a precious metal, gold provides a convenient way of concentrating your gains, ill-gotten or otherwise, in a form that is easy to store, transport and identify as a symbol of wealth.

Gold bullion is the most direct way of investing in gold itself. But it is expensive. Normal one kilo bars cost a great deal of money at current prices, and are not really available to the small private investor. In Britain a further deterrent is Valued Added Tax at 15 per cent.

The logical answer for private investors wanting to put a relatively modest amount into gold, and make the most of its portability and attraction as a physical metal, is to buy coins.



The Australian Nuggets come in four shapes and weights

There is no shortage of choice. The ban on imports of South African krugerrands in US, Britain, and other European and Far East countries led to their production being scrapped in late 1985. But this left the market for gold coins wide open.

First to try to fill the breach was the Canadian Maple Leaf coin, using domestically-produced gold, and providing a coin with a high quality gold content. Launched in 1979 when Krugerrands were still being produced, the Maple Leaf soon took over as the world's biggest selling gold coin.

However a string of competitors has emerged since. The biggest, particularly in the North American market, has been the Eagle range produced by the US Mint under orders from Congress after the ban on imports of Krugerrands was imposed.

Produced in the same sizes, but with the added advantage of appealing to the patriotism of American citizens, the Eagle has proved a tremendous success with sales quickly moving well above the original target since being officially launched in November last year.

In April another gold producing country entered the fray. Western Australia started to market worldwide its Nugget range of gold coins, produced by the Perth Mint. The individual names of the four coins offered—Welcome Stranger (one ounce), Hand of Faith (half ounce), Golden Eagle (quarter ounce) and Little Hero (one tenth of an ounce)—are based on famous gold nugget discoveries in Australia.

The choice doesn't end there. There is the Mexican peso gold coins, and from China the attractive Panda coins, whose reverse design changes each year. There is even a one twentieth of an ounce coin in the Panda range, making it particularly suitable for gifts such as earrings.

Then there is the Angel, produced by the Pobjoy Mint in the Isle of Man. Produced from gold of European origin, the Angel is supposed to have first been struck in 1341 in France. It carries a relief of a dragon being slain by the Archangel Michael on which the coin's name is based.

The Royal Mint in Britain, which has produced gold sovereigns for a long time, also decided to enter the battle for the Krugerrand market. In March the Chancellor of the Exchequer, who is also Master of the Mint, announced that Queen Elizabeth "had been graciously pleased" to approve a recommendation that a new bullion coin, to be callen the Britannia, should be issued in four denominations—one ounce, half, quarter and one-tenth ounce.

No launch date for the Britannia has been announced yet. But it is expected to become available to investors later this year.

Britain has a history of minting sovereigns dating back to 1817 and these are still bought and sold freely. In 1980 the Royal Mint actually stepped up production of sovereigns and made them more price competitive to win a greater share of the market. But they have produced no mass bullion coins since 1984, owing to reduced demand and the stiff competition from imported coins.

The Royal Mint will face an uphill task in establishing the Britannia against so many rival products. It will have a poor domestic base since demand for gold coins in Britain has fallen to a low ebb after the decision to impose Value Added Tax on them in April 1982.

It is possible to avoid paying VAT on coin purchases quite legally by keeping them in offshore banking centres like the Channel Islands and Switzerland.

At the same time there are extra costs and paperwork involved, and this method of ownership to a large extent negates a big attraction of buying coins—having something physical in your hands to gloat over and treasure against a rainy day when you might need a quick source of money.

John Edwards

Capital markets

Bonds for the faint-hearted

"THEY MIGHT as well carry options in valium," was the comment made by one investment banker as the most recent spate of gold-linked bonds was hitting the international capital markets.

For gold-linked bonds become fashionable when the nerves set in.

During the period since the beginning of April, bankers have responded by launching 11 gold-linked bonds in the Eurobond and Swiss franc foreign bond markets—a far greater concentration of these deals than the markets have hitherto seen.

Bankers now regard the market for gold-linked bonds as mature, though they do not foresee such issues becoming a regular part of the bond market repertoire. This is partly because they do not attract sufficient interest from institutional investors.

Gold-linked bonds are really designed for the "faint-hearted" gold investor, who feels that gold is going up but is wary of buying physical gold. Unlike the metal itself, the bond provides a yield and capital protection.

Such bonds find their most natural home in Switzerland, because that country's traditional role as a centre for bullion trading has long made Swiss private investors attuned to buying and selling gold.

It is not surprising, then, that the Swiss franc bond market has seen the greatest number of gold-linked bond issues over the years and has been the source of many of the innovations in this market.

Issues in this market have so far taken roughly two forms. The more traditional type is the bond issued by a gold mining company, backed by that company's own gold. The more recent fashion is for issuing bonds for borrowers who do not have natural access to gold. For these borrowers, the bonds are generally launched with warrants to buy gold attached, rather than bonds which are fully convertible into gold.

The gold warrants bond concept was then extended to the Eurobond market, with deals that provided a claim on the difference in cash terms between the strike price and the price of gold at the time of exercising the warrants.

In April, Salomon Brothers International arranged the first gold warrants bond in the Ecu market, for St Gobain, while others transferred it to the Eurodollar market, with deals for Banque Nationale de Paris, led by Credit Suisse First Boston, and for Eastman Kodak and the Norwegian Eksportfinans, led by Union Bank of Switzerland (Securities).

But though a dollar-denominated gold warrants bond ought to be attractive to investors—because of the recent inverse relationship between the price of that currency and gold—bankers are not yet convinced that the concept can be satisfactorily transferred to the Eurodollar market.

The first crop of bonds that emerged in April had their terms stacked very much in favour of the borrower. But as successive deals have appeared, broadening the choice open to the investor, issuing houses have been forced to make them cheaper and cheaper.

In the case of Hoffmann La Roche's SFr 250m 10-year zero-coupon issue, for instance, launched in April, the accompanying three-year gold warrants carried a premium of around 50 per cent.

By the time UBS (Securities) launched its deals in May, however, investors had woken up to the fact that bonds on these terms were rather expensive. The three-year deals for Eastman Kodak and Eksportfinans carried two-year warrants with much lower—25 per cent—premiums.

At these levels, the advantage to the borrower of issuing the bonds is getting close to being eliminated.

"We are at the end of the last lap in this market, at least," said one banker recently; though its further development clearly depends upon the behaviour of the gold price.

Clare Pearson

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS. Figures in parentheses show number of stocks per grouping	FRIDAY JUNE 19 1987 US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	THURSDAY JUNE 18 1987 US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX 1987 High	1987 Low	Year ago (approx)
Australia (94)	136.53	−0.1	124.22	125.81	3.11	136.68	124.35	125.77	140.95	99.92	88.85
Austria (16)	85.82	−0.5	78.08	81.38	2.31	86.29	78.51	81.76	101.62	85.82	84.37
Belgium (47)	116.92	−0.2	106.38	109.57	4.36	117.16	106.60	109.51	123.62	96.19	77.82
Canada (127)	127.58	+0.8	116.08	123.70	2.34	126.59	115.18	122.97	136.17	100.00	98.32
Denmark (39)	120.26	−0.4	109.42	112.58	2.46	120.74	109.86	112.62	124.10	98.18	91.96
France (122)	105.24	−1.2	95.75	100.87	2.76	106.49	96.89	101.73	121.82	98.39	77.98
West Germany (90)	95.39	+2.6	86.79	90.73	2.06	93.01	84.62	88.20	100.33	84.00	81.67
Hong Kong (45)	121.00	+0.9	110.09	121.28	2.84	119.87	109.06	120.10	121.24	96.89	72.22
Ireland (14)	130.12	+0.2	118.39	125.32	3.58	129.86	118.15	124.69	131.86	99.50	83.91
Italy (76)	100.68	−0.9	91.60	99.47	1.83	101.62	92.46	100.11	112.11	94.76	77.03
Japan (458)	151.73	−2.7	138.05	139.12	0.49	155.94	141.88	142.54	161.28	100.00	79.06
Malaysia (36)	169.55	−0.5	154.26	164.19	2.31	170.47	155.10	165.10	172.55	98.24	84.13
Mexico (14)	266.65	+3.8	242.61	384.40	0.57	256.95	233.78	369.85	266.65	99.72	49.07
Netherland (38)	119.38	+0.4	108.62	112.30	3.95	118.85	108.14	111.48	120.14	99.65	88.37
New Zealand (27)	100.32	+0.1	91.27	89.47	3.05	100.20	91.16	89.36	100.59	83.93	69.63
Norway (24)	138.72	−0.2	126.21	126.81	1.99	138.97	126.44	126.52	140.05	100.00	100.32
Singapore (27)	142.30	−0.2	129.47	138.99	1.78	142.59	129.74	139.21	144.47	99.29	79.10
South Africa (61)	159.54	+0.8	145.16	117.25	3.48	158.23	143.96	117.27	186.74	100.00	79.14
Spain (43)	115.47	+0.9	105.06	110.79	3.66	114.42	104.11	109.61	121.31	100.00	83.76
Sweden (33)	115.02	−0.3	104.65	108.55	2.13	115.39	104.98	108.55	124.68	90.85	88.12
Switzerland (51)	96.16	+0.8	87.49	90.61	1.90	95.41	86.81	89.64	104.06	92.01	82.64
United Kingdom (335)	148.06	−1.1	134.71	134.71	3.17	149.74	136.24	136.24	151.46	99.65	99.01
USA (593)	125.63	+0.4	114.30	125.63	2.89	125.17	113.88	125.17	125.63	100.00	103.33
Europe (928)	120.55	−0.3	109.68	112.65	2.85	120.87	109.97	112.78	121.71	99.78	88.11
Pacific Basin (687)	149.97	−2.5	136.45	137.86	0.64	153.84	139.97	141.00	158.64	100.00	79.18
Euro—Pacific (1615)	138.25	−1.7	125.78	127.81	1.42	140.70	128.01	129.75	143.34	100.00	82.71
North America (720)	125.73	+0.4	114.39	125.54	2.86	125.24	113.95	125.07	125.73	100.00	103.07
World Ex. US (1817)	138.18	−1.6	125.72	130.16	1.47	140.46	127.79	130.16	143.09	100.00	83.19
World Ex. UK (2075)	131.80	−0.9	119.92	126.31	1.86	132.97	120.98	127.23	133.55	100.00	90.34
World Ex. So. Af. (2349)	133.08	−0.9	121.08	127.14	1.98	134.31	122.20	128.12	134.83	100.00	91.15
World Ex. Japan (1952)	124.47	+0.2	113.25	121.08	2.86	124.26	113.06	120.83	124.47	100.00	96.83
The World Index (2410)	133.25	−0.9	121.24	127.08	1.99	134.46	122.34	128.06	134.97	100.00	91.08

Base values: Dec 31, 1986 = 100

Latest prices unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series		Aug 87 Vol.	Last	Nov 87 Vol.	Last	Feb 88 Vol.	Last	Stock
GOLD C	$460	104	12.50	15	26.50A	—	—	$449.50
GOLD C	$480	154	7.50	4	18	—	—	"
GOLD P	$400	45	1.50	10	4.50	—	—	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$700	39	45	—	—	2	140	$744
[illegible]								

TOTAL VOLUME IN CONTRACTS: 52,509

A=Ask B=Bid C=Call P=Put

FT-ACTUARIES WORLD INDICES

At the quarter-end review of the FT-Actuaries World Index, it was decided to include two new sectors: Europe Excluding the UK and Pacific Basin Excluding Japan and to make the following constituent changes with effect from July 1, 1987.

Deletions: Fors Mafnia (Denmark); General Biscuit (France); Hartmann and Braun (Germany) and Perugina (Italy).

Insertions: Emperor Mines (Australia); Ebes AFV (Belgium); Laidlaw A (Canada); Mafnia Investment (Denmark); Schneider (France); Feldmuhle Nobel, M.A.N. and M.A.N. pref. (Germany); Butoni (Italy); Orkla-Borregard (Norway); Inspectorate Group (Switzerland); Calor Gas and Rolls-Royce (UK); Breakwater, Encor Energy, Galactic Resources, Kelly Douglas A and Nowsco (US).

Goodman Fielder will be reclassified from the New Zealand index into the Australia index.

BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Nat. Bk. of Kuwait	9
Adam & Company	9	Citibank NA	9	NatWestminster	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm. Bk. N. East	9	PK Finans. Intl (UK)	10
[illegible]					

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

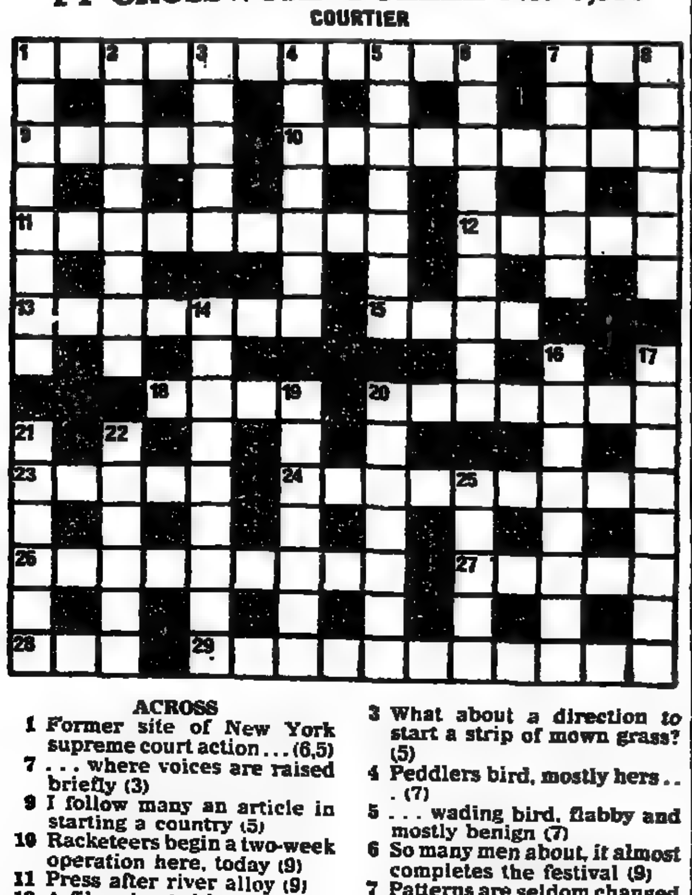
[illegible]

"RIGHTS" OFFERS

[illegible]

FT CROSSWORD PUZZLE No. 6,358

COURTIER



ACROSS

1 Former site of New York supreme court action . . . (6,5)
7 . . . where voices are raised briefly (3)
9 I follow many an article in starting a country (5)
10 Racketeers begin a two-week operation here, today (9)
11 Press after river alloy (9)
12 A film about titled lady? (5)
13 Resorts to lists (7)
15 Secure one of twenty normally (4)
18 Place of breeding (4)
20 Play about a bird . . . (7)
23 . . . hatched from this shaped object, no doubt (5)
24 Illegal circular or protective clothing . . . (5,4)
26 . . . against this flying tip, perhaps (9)
27 Settle for sleep or return to the drunken sot (5)
28 Moisture content in home-made wine? (3)
29 Vain gals! You have become European (11)

DOWN

1 Propellants for soft-hearted airmen (8)
2 Such cheek to follow coarse head (8)
3 What about a direction to start a strip of mown grass? (5)
4 Peddlers bird, mostly hers . . . (7)
5 . . . wading bird, flabby and mostly benign (7)
6 So many men about, it almost completes the festival (9)
7 Patterns are seldom changed (6)
8 Game set up in backward hotel? (6)
14 Choice that's up to her to take bearing in river (6,3)
16 Pasta in the tube? (8)
17 Framework of keels arranged on weighty foundation (8)
19 Many a barrel in cultivated example of 23 object (4,3)
20 Poetry in the main (3,4)
21 Charlemagne's legendary nephew, associated with Oliver (6)
22 Break down the clods — at school? (6)
25 She becomes typical before fifty (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2060

American Growth	108.3	114.5	+0.4	1.22
(Accum Units)	113.4	120.0	+0.4	1.22
British Blue Chip Fund	51.5	54.9	-1.0	2.22
(Accum Units)	51.5	54.9	-1.0	2.22
American Smr Cos Fd	51.0	53.9	+0.1	0.45
(Accum Units)	51.0	53.9	+0.1	0.45
American Income	51.7	54.7	+0.4	4.04
(Accum Units)	56.4	59.6	+0.4	4.04
European Growth	137.4	145.3	-0.7	0.65
(Accum Units)	142.2	150.4	-0.7	0.65
European Income	77.6	82.1xd	-0.4	3.68
(Accum Units)	81.4	86.1xd	-0.4	3.68
General	361.2	382.2	-4.5	1.99
(Accum Units)	600.0	634.9	-7.4	1.99
Gilt	89.6	90.0xd	-1.3	7.00
(Accum Units)	106.6	107.1xd	-1.5	7.00
Global Fund	49.8	53.1	-0.6	0.68
(Accum Units)	49.3	52.1	-0.6	0.68
High Interest Fund	48.0	50.7xd	-0.4	8.74
(Accum Units)	48.3	51.3xd	-0.4	8.74
High Income Fund	51.4	54.3	-0.3	4.84
(Accum Units)	51.6	54.7	-0.8	4.84
Income	117.5	124.3xd	-0.8	3.39
(Accum Units)	134.7	142.5xd	-0.9	3.39
International	294.2	312.3xd	-2.7	1.18
(Accum Units)	369.6	390.8xd	-3.4	1.18
Japan	225.0	238.0	-6.7	0.42
(Accum Units)	230.9	244.3	-6.9	0.42
Pacific Fd	52.5	55.5xd	+0.4	0.10
(Accum Units)	52.5	55.5xd	+0.4	0.10
Recovery	300.7	318.1xd	-1.9	2.19
(Accum Units)	326.9	345.9xd	-2.0	2.19
UK Smaller Co's Fd	51.3	54.2	+0.0	1.85
(Accum Units)	51.3	54.2	+0.0	1.85
Exempt May 27	353.6	362.6	+8.1	2.28
(Accum Units)	553.8	568.0	+12.7	2.28

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	59.6	63.4	-0.4	4.73
Accum Units	59.6	63.4	-0.4	4.73
UK Growth Fund Acc	61.4	65.3	-0.6	1.53
Global Income Fund	49.5	52.4	-0.7	3.82
Accum Units	49.3	52.4	-0.7	3.82
Global Growth Fund	46.2	49.2	-1.1	0.51

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Capital	120.3	127.6	-1.6	1.39
(Accum Units)	165.1	175.3	-2.1	1.39

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst	76.7	81.1	-0.4	0.38
Holborn Equity Income	68.8	72.7xd	-0.3	3.67
Holborn Equity Tst	571.0	604.2	-6.7	2.24
Holborn European Tst	111.5xd	117.9xd	-0.5	0.70
Holborn Gilt Tst	215.7	224.7	-3.6	2.12
Holborn High Inc Tst	84.6xd	89.5xd	-0.2	4.82
Holborn Intl Grth Tst	117.3	124.1	-0.8	0.70
Holborn Japanese Tst	136.1	144.0	-1.3	0.04
Holborn N. Amer. Tst	91.0xd	96.2xd	+0.2	0.50
Holborn Sml Cos Tst	75.1	79.4xd	-	1.46
Holborn Spec Sits Tst	97.2xd	102.8	-2.0	1.42
Holborn UK Growth Tst	113.9	120.5	-2.1	1.35

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	651.2	689.2	+17.0	1.59
Quadrant Income	329.8	349.0	+4.6	4.11
Quadrant Intl Fund	430.7	455.8	+2.3	1.10
Quadrant Spec. Sits	421.2	445.8	+14.4	1.47

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	236.6	251.7	-3.4	2.28
Reliance Unit Tst (Inc)	160.3	170.4	-2.1	1.90
Reliance Ut Tst (Acc)	215.7	229.4	-2.8	1.90

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	49.4	51.9	-0.3	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2983/4

NC America (Inc)	318.1	330.4	+0.4	0.83
NC America (Acc)	347.5	369.6	+0.5	0.83
NC Inc Fd	122.7	130.5xd	-1.7	2.89
NC Japan Fd	214.2	227.8	-2.0	—
NC Major UK Cos Fd	70.7	75.2xd	-0.9	1.58
NC Smlr Australasian	84.9	90.3	+0.8	0.49
NC Smlr Canadian CoFd	47.8	50.8	+0.1	1.00
NC Smaller Cos	227.6	242.1	-0.3	0.93
NC Smaller European	190.8	202.9	-0.9	0.46
NC Prop.*	155.1	169.3	...	(z)

*Unauthorised Unit Trusts

Rowan Unit Trust Mngt. (a)
33, King William St, London EC4R 9AS 01-638 5678

Marlin June 6	604.0	612.0		1.15

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance—Contd.
Pension Fund Prices

Managed Init.	330.3		—	—
Do. Accum.	403.2		—	—
Property Init.	242.7		—	—
Do. Accum.	296.1		—	—
Equity Init.	430.4		—	—
Do. Accum.	524.4		—	—
Gilt-Edged Init.	238.7		—	—
Do. Accum.	291.3		—	—
Guaranteed Init.	157.3		—	—
Do. Accum.	192.1		—	—
International Init.	522.7		—	—
Do. Accum.	637.4		—	—
Index Lk. Gilt Init.	136.1		—	—
Do. Accum.	166.1		—	—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	299.2		+0.2	—
Property Pens.	393.5		+0.2	—
Equity	196.2		-0.7	—
Equity Pens.	896.6		-5.7	—
Money Market	324.7		-2.4	—
Money Mkt Pens.	565.1		-4.6	—
Deposit	235.7		+0.1	—
Deposit Pens.	374.3		+0.2	—
Managed	290.1		-0.7	—
Managed Pens.	559.8		-2.1	—
Intl. Equity	339.5		-0.6	—
Do. Pens.	546.1		-1.9	—
Intl. Managed	313.0		-0.4	—
Do. Pens.	463.9		-1.0	—
North American	128.9		+0.3	—
Do. Pens.	147.9		+0.5	—
Far East	297.3		-1.6	—
Do. Pens.	430.8		-2.3	—
Intl. Currency	174.9		+0.1	—
Do. Pens.	228.8		+0.1	—
Index Linked	128.4		+0.5	—
S & C Managed Fd	142.9		-0.3	—
S & C Pens Mngd Fd	116.7		-0.4	—

Trustlink Life Funds

Per Worldwide Rec.	158.5		-0.2	—
Per Far East Growth	193.4		+0.1	—
Per Intl Growth	151.5		-0.5	—
Per Income	168.6		+0.1	—
Per Emerging Co's	157.5		+0.0	—
Per American Growth	142.3		+0.0	—
Per European Growth	121.4		-0.1	—
Fra American & Gen	120.6		+0.4	—
Fra Capital	172.1		+0.9	—
Fra Income	178.2		+0.5	—
Fra Intl Growth	134.6		-0.1	—
Fra Japan & Gen	180.6		+0.3	—
Fra Recovery	188.9		+0.8	—
Fra Convertible & Gilt	142.1		+2.5	—
Fra European	125.5		-2.0	—

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds

Managed Fund	56.8	59.8	-0.4	—
Stock Market Mngd Fund	58.1	61.2	-0.5	—
Equity Fund	63.4	66.8	-0.8	—
International Fund	53.7	56.6	-0.2	—
European Fund	55.2	58.2	+0.3	—
North American Fund	49.6	52.3	+0.2	—
Pacific Fund	65.1	68.6	-1.3	—
Property Fund	50.5	53.2	—	—
Fixed Interest Fund	51.0	53.7	-0.7	—
Index Linked Sec Fund	46.2	48.7	+0.2	—
Deposit Fund	50.6	53.3	+0.1	—

NUAM Retirement Plans

Mixed Fund	60.9	64.2	-0.1	—
UK Ordinary Share	72.7	76.6	-0.2	—
International Fund	55.7	58.7	—	—
Property Fund	51.4	54.2	—	—
Fixed Interest Fund	52.9	55.7	-0.4	—
Index Linked Sec Fund	45.9	48.4	-0.1	—
Deposit Fund	52.3	55.1	—	—

NUAM (NF)

Managed Fund	774.8	815.6	-6.4	—
Equity Fund	1684.0	1772.7	-22.8	—
Property Fund	314.2	330.8	—	—
Fixed Interest Fund	375.5	395.3	-5.1	—
Deposit Fund	206.3	217.2	+0.1	—
International Fund	139.5	146.9	-0.3	—
Index Linked Sec Fund	46.2	48.7	+0.2	—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

Pensionvestor* & Unit-Linked Plus*

Fixed Interest Fund	265.5	279.4	-2.0	—
Index-Linked Sec Fund	130.2	137.0	-4.1	—
Ordinary Share Fund	527.2	554.9	+15.3	—
International Fund	142.5	150.0	+4.5	—
Property Fund	160.5	168.9	+0.1	—
Deposit Fund	163.9	172.5	+0.7	—
Mixed Fund	338.9	356.7	+7.5	—
Norwich Units May 15		972.9	—	—

*Prices as at June 2.

Pearl Assurance (Unit Funds) Ltd
252 High Holborn, London WC1V 7EB 01-405 8441

Prop. Dist. (Gross)(z)	143.9	151.5	+0.3	—
Prop. Acc. (Gross) (z)	225.3	237.2	+0.5	—
Equity (Gross) (z)	759.9	799.9	+8.8	—
Managed (Gross) (z)	511.8	538.8	+3.9	—
Prop. Acc. (Net) (z)	103.8	109.3	+0.2	—
Equity (Net) (z)	161.0	169.5	+1.3	—
Managed (Net) (z)	146.7	154.4	+0.6	—
Internat'nal (net) (z)	139.0	146.4	+1.0	—

Pearl Assurance (Unit Linked Pens) Ltd

Ret Man (Series 1) (z)	485.1	510.7	-1.2	—

J. D. Ward & Co Ltd
95 Lincoln's Inn Fields, WC2A 3LX. 01-242 2263

Target Mngd Bond	222.8	234.5	—	—
Target Mngd Pension	142.2	149.7	—	—
Albany Mngd Bond	178.2	187.6	—	—
Albany Mngd Pension	231.6	243.8	—	—

Yorkshire & Lancashire Investment Mgt.
2 Parson Lane, Clitheroe, BB7 2JN 0200 28066

Growth & Income (RH)	194.1	204.4	—	—
Ultra Bond (Roy.H)	162.0	170.6	—	—
Flexible Managed (Hea)	148.7	156.6	—	—
Global Managed (Schr.)	161.9	170.4	—	—
Security (Scot Mutual)	119.0	125.3	—	—
Pension Fund (Roy.H)	133.6	140.7	—	—

OFFSHORE AND OVERSEAS

Actibonds Investment Fund SA
37 rue Notre Dame, Luxembourg Tel: 47971

Actibonds Inv.		$35.09		—

Adig Investment
Postfach 708, 8000 Munich 1 Telex 524269

Adirenta	DM 24.42	25.15	-0.01	—
Adiverba	DM 148.55	155.77	+2.64	—
Fondak	DM 64.29	62.50	+1.61	—
Fondis	DM 66.93	70.20	+0.40	—

Albany Fund Management Limited
PO Box 73, St Helier, Jersey 0534 73933

Albany $ Fd. (CI)	$415.09	437.05	+10.64	0.71

Next dealing May 27

Albany International Assurance Ltd
St Mary's, Castletown, Isle of Man 0624 823262

Global Sterling Fd		£1.083	—	—
UK Sterling Fd		£1.149	—	—
European Sterling Fd		£0.975	—	—
Japan Sterling Fd		£1.127	—	—
Nth American Sterling		£1.015	—	—
Sterling Fixed Int		£1.025	—	—
Global Dollar Fd		$1.112	—	—
UK Dollar Fd		$1.146	—	—
European Dollar Fd		$0.982	—	—
Japan Dollar Fd		$1.148	—	—
Nth American Dollar Fd		$1.003	—	—
Dollar Fixed Int Fd		$1.014	—	—

Alexanders Rouse (Bermuda) Ltd
POB 1179, Hamilton, Bermuda. 809 295 2244

Syncrotrend		$16.51xd		—

Alliance Capital Management Intl. Inc.
43 Upper Grosvenor St, London, W1 01-493 9606

Chemical	29.75	6.07		—
Global Bond Fund	$11.61	12.29	-0.02	—

MANAGEMENT SERVICES

هكذا صنه الأصل

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
14Jan	14Jly	Treas 3pc 1987	99¾xd	8.6	3.03	8.73
3May	3Nov	Treas. 12pc 1987	101⅛	29.9	11.87	8.73
26 Jul	26 Jan	Treas. 7¾pc 1985-88‡‡	99⅝xd	22.12	7.78	8.42
10Nov	10May	Exch 10½pc '88	101⅜	6.10	10.35	8.75
14Dec	14Jne	Treas 9¾pc Cv '88	100⅝	8.5	9.67	8.77
1Jan	1Jul	Transport 3pc '78-88	96⅛xd	26.5	3.11	6.44
25 Apr	25 Oct	Treas. 9½pc '88	100⅝	18.9	9.45	9.00
22 Aug	22 Feb	Treas 11½pc 1989	103⅝	16.1	11.08	8.96
18 Oct	18 Apr	Treas 9½pc Cnv 1989	100⅝	11.9	9.43	8.99
15Nov	15May	Treas 3pc 1989	94	9.10	3.19	6.40
14Dec	14Jun	Treas 10½pc 1989	102⅝	8.5	10.23	8.99
1Feb	1Aug	Exch. 10pc 1989	101⅞	29.12	9.83	9.07
29 Mar	29 Sep	Exch 11pc 1989	104⅛	26.8	10.58	9.00
15 Apr	15 Oct	Treas 5pc 1986-89	94⅞	8.9	5.26	7.36
15 May	15 Nov	Exch 10¼pc Cv '89	104	9.10	9.75	7.84
15 Jul	15 Jan	Treas 13pc 1990‡‡	109⅛xd	8.6	11.93	9.00
12 Aug	12 Feb	Exch 11pc 1990‡‡	104⅜	6.1	10.53	9.05
22 Sep	22 Mar	Exch. 12½pc 1990	108⅛	18.8	11.55	9.03
8 Nov	8 May	Treas. 3pc 1990	90½	2.10	3.30	6.50
15 Dec	15 Jun	Treas 8¼pc 1987-90‡‡	99⅛	11.5	8.28	8.36
25 Apr	25 Oct	Treas. 10pcCv 1990	102⅞	18.9	9.73	9.00
22 May	22 Nov	Exch 2½pc 1990	88⅝	16.10	2.82	6.26
10 July	10 Jan	Treas 11¾pc 1991	108⅛xd	3.6	10.88	9.05
5Oct	5Apr	Funding 5¾pc '87-91‡‡	93⅝	1.9	6.10	7.51
13 Nov	13 May	Treas. 3pc 1991	87⅞	—	3.40	6.50
12Jan	12July	Treas 10pc Cv '91 ‡‡	106⅝xd	5.6	9.38	8.05
25Apr	25Oct	Exch. 11pc 1991	107	18.9	10.30	9.04
22Jly	22Jan	Treas 12¾pc 1992‡‡	113⅝xd	16.12	11.22	9.04
21Aug	21Feb	Treas 10pc 1992	103⅝	15.1	9.67	9.08
13Oct	13Apr	Treas. 8pc 1992 ‡‡(50pd)	46⅛	—	8.15	8.47
7 Nov	7 May	Treas 10½pc Cv 1992‡‡	105⅛	1.10	9.02	9.03

Five to Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
25 Feb	25 Aug	Exch. 12¼pc '92	112⅝	29.1	9.961	9.07
22Mar	22Sep	Exch 13½pc 1992	117⅜	18.8	10.90	9.15
15Oct	15Apr	Treas 10pc 1993‡‡	103⅝	3.9	11.50	9.20
14Jan	14Jul	Treas 12½pc 1993‡‡	115⅝xd	8.6	10.77	9.09
15Mar	15Sep	Funding 6pc 1993‡‡	92⅝	11.8	6.47	7.47
23May	23Nov	Treas 13¾pc 1993‡‡	121⅝	17.10	11.22	9.04
1 Sept	1 Mar	Treas 14½pc 1994‡‡	126⅛	23.1	11.43	9.04
27Oct	27Apr	Exch 13½pc 1994 ‡‡	121⅛	22.9	11.08	9.13
9Jan	9Dec	Treas. 10pc Ln. 1994	104⅝	—	9.49	8.93
22Feb	22Aug	Exch. 12½pc 1994	116⅛	16.1	10.64	9.12
17May	17Nov	Treas 9pc 1994‡‡	100⅛	13.10	8.88	8.73
25Jul	25Jan	Treas 12pc 1995	114⅝xd	18.6	10.38	9.11
1Nov	1May	Exch 3pc Gas 90-95	82⅞	25.9	3.72	6.11
21Jan	21Jul	Exch. 10¼pc 1995	106⅛xd	15.12	9.57	9.00
15May	15Nov	Treas 12¾pc 1995‡‡	120⅛	9.10	10.60	9.21
22Jly	22Jan	Treas. 14pc '96	126⅝xd	16.12	11.05	9.40
15Sep	15Mar	Treas 9pc 1992-96‡‡	100⅛	11.8	9.02	9.03
3Nov	3May	Treas 15¼pc 1996‡‡	135⅛	29.9	11.30	9.34
15Nov	15May	Exch 13¼pc 1996‡‡	123⅝	9.10	10.71	9.26
1Apr	1Oct	Redemption 3pc 1986-96	86⅛	26.8	3.47	4.75
15May	15Nov	Conversion 10pc 1996	105	9.10	9.53	9.19
22Jul	22Jan	Treas 13¾pc 1997‡‡	129⅝xd	16.12	10.63	9.30
21Aug	21Feb	Exch 10½pc 1997	107⅝	15.1	9.72	9.21
1Mar	1Sep	Treas 8¾pc 1997‡‡	97⅞	23.1	8.93	9.03
1 Mar	1 Sep	Treas. 8¾pc '97 'B' ‡‡	97⅞	—	8.75	8.75
27Apr	27Oct	Exch 15pc 1997	135⅝	22.9	11.07	9.51
19 Jul	19 Jan	Exch. 9¾pc 1998	103⅛xd	12.6	9.40	9.19
1Nov	1May	Treas 6¾pc 1995-98‡‡	86⅛	25.9	7.84	8.74
30Mar	30Sep	Treas. 15½pc '98‡‡	141⅛	26.8	10.97	9.44
20May	20Nov	Exch. 12pc 1998	118⅛	24.10	10.12	9.30
15Jul	15Jan	Treas 9½pc 1999‡‡	103⅛xd	8.6	9.21	9.05
26Sep	26Mar	Exch. 12¼pc 1999	120⅝	20.8	10.16	9.31
19Nov	19May	Treas. 10½pc 1999	109⅛	13.10	9.60	9.18
22May	22Nov	Conversion 10¼pc 1999	107⅛	26.10	9.52	9.18
28Jul	28Jan	Tr 8½pc 2000(30pd)‡‡	29⅝	—	8.83	8.99
3Sept	3Mar	Conversion 9pc 2000‡‡	99⅛	26.1	9.03	9.03
14Jan	14Jul	Treas. 13pc 2000	127⅛xd	8.6	10.19	9.30
26 Aug	26 Feb	Treas 10pc 2001	106⅝	20.1	9.35	9.09
22Nov	22May	Treas. 14pc '98-01	130⅝	16.10	10.74	9.46
10Feb	10Aug	Conversion 9¾pc 2001	104⅝	5.1	9.27	9.09
22Jul	22Jan	Exch. 12pc '99-02	118⅝xd	16.12	10.01	8.90
11 Oct	11 Apr	Conversion 10pc 2002	107⅛	4.9	9.23	8.96

Over Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
27 Feb	27 Aug	Treas 9¾pc 2002	105⅛	21.1	9.15	8.95
19May	19Nov	Exch. 9pc 2002	99⅞	—	8.94	8.91
25Jan	25Jul	Treas. 13¾pc 2000-03	133xd	18.6	10.26	9.21
8 Mar	8 Sept	Treas 10pc 2003	108	30.1	9.18	8.93
19Sep	19Mar	Treas. 11½pc 2001-04	118⅛	13.8	9.66	9.04
18 Nov	18 May	Treas. 10pc 2004	108⅝	13.10	9.13	8.89
14Jan	14Jul	Funding 3½pc '99-04	58⅛xd	8.6	6.94	7.92
25 Apr	25 Oct	Conversion 9½pc 2004	104⅛	18.9	9.01	8.87
18 Oct	18 Apr	Conversion 9½pc 2005	104⅝	11.9	9.01	8.87
20 Mar	20 Sep	Exch. 10½pc 2005	113⅛	14.8	9.18	8.88
21 May	21 Nov	Treas. 12½pc 2003-05	128⅝	15.10	9.61	8.95
5Apr	5Oct	Treas. 8pc 2002-06‡‡	92⅛	1.9	8.59	8.74
5Oct	5Apr	Tr 8pc '02-06'A'(30pd)‡‡	28⅛	—	8.44	8.56
15May	15Nov	Conversion 9¾pc 2006	106⅛	9.10	9.05	8.88
22Jly	22Jan	Treas. 11¾pc 2003-07	122⅛xd	16.12	9.53	8.94
16Jan	16Jul	Treas 8½pc 2007 ‡‡	96⅛xd	9.6	8.71	8.75
26Sept	26Mar	Treas. 13½pc '04-08	137⅝	20.8	9.71	8.94
13Oct	13Apr	Treas. 9pc 2008 ‡‡	101⅝	—	8.78	8.73
25Mar	25Sep	Treas 8pc 2009	91⅝	19.8	8.70	8.82
10Mar	10Sep	Treas. 5½pc 2008-12‡‡	67⅛	2.2	8.12	8.66
26Jly	26Jan	Treas. 7¾pc 2012-15‡‡	[illegible]xd	22.12	8.69	8.79
12Jan	12Dec	Exch. 12pc '13-'17	130⅝	6.5	9.18	8.94

Undated

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1Feb	1Aug	Consols 4pc	44⅝	29.12	8.97	—
1Jun	1Dec	War Loan 3½pc‡‡	39⅝	27.10	8.89	—
1Apr	1Oct	Conv. 3½pc '61 Aft.	50⅛	26.8	6.99	—
5Apr	5Oct	Treas. 3pc '66 Aft.	33⅛	9.78	9.04	—
5Ja Ap Jly O		Consols 2½pc	27⅛xd	1.6	9.03	—
1Apr	1Oct	Treas. 2½pc	27⅝	23.3	8.93	—

BRITISH FUNDS—Contd

Index-Linked

Interest Due		Stock	(b)	Price £	Last xd	(1)	(2)
30 Sep	30 Mar	Treas. 2pc '88	(297.1)	130⅝	23.2	—	2.71
25 Jul	25 Jan	Do. 2pc '90	(333.9)	116⅛xd	18.6	1.05	2.23
23Sep	23Mar	Do. 2pc '92‡‡	(385.8)	97⅞	—	2.20	2.78
16Mar	16Sep	Do. 2pc '96	(267.9)	125⅝	9.2	3.28	3.77
24Mar	24Sep	Do 2½pc '01	(308.8)	105⅛	16.2	3.68	4.06
20Nov	20May	Do 2½pc '03	(310.7)	103⅝	13.4	3.53	4.03
19Jan	19Jly	Do. 2pc '06	(274.1)	106xd	12.6	3.50	3.92
20Nov	20May	Do. 2½pc '09	(310.7)	100⅝	13.4	3.46	3.84
23Feb	23Aug	Do 2½pc '11	(294.1)	105⅝	19.1	3.53	3.78
16Feb	16Aug	Do 2½pc '13	(351.9)	88⅝	12.1	3.49	3.73
26Jan	26Jly	Do. 2½pc '16	(322.0)	96⅛xd	22.12	3.28	3.65
16Oct	16Apr	Do. 2½pc '20	(327.3)	94⅛	10.3	3.38	3.59
17Jan	17July	Do 2½pc '24 ‡‡(385.3)		79⅝xd	10.6	3.33	3.53

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for October 1986: 388.4 and for May 1987: 101.9 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
4 Jan	4 Jun	African Dv Bk 11¾Ln 2010	109⅛	6.6	10.21	10.10
24Mar	24Sep	Asian Dev Bk 10¼pcLn2009	104⅝	23.2	9.80	9.72
28Jan	28Jly	Australia 13½pc 2010	131⅛	29.12	10.28	9.99
26Apr	26Oct	Do. 11¾pcLn2015	113⅛	27.3	10.04	9.96
23Mar	23Sep	Euro Inv Bk 11pc Ln 2002	110⅝	23.2	9.94	9.64
22Mar	22Nov	Do 10¼pc2004	106⅛	22.4	9.78	9.63

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

Interest Due		Stock	Price £	Last xd	Div % Gross	Red. Yield
1Apr	1Oct	Greek 7pc Ass.	42xd	1.5	3.50	18.33
1Feb	1Aug	Do 6pc 28 Stb Ass.	40	2.2	3	17.50
1Apr	1Oct	Do 4pc Mixed Ass.	47	1.4	2	14.26
1May	1Nov	Hung. '24 Ass	63	5.85	2.75	14.37
31May	30Nov	Hydro Quebec 15pc 2011	140⅝xd	3.11	15.00	10.36
30Jun	31Dec	Iceland 6½pc '83-88	83xd	5.12	—	—
31Jan	31Jly	Do 14½pc Ln. 2016	129⅝	8.1	14.50	11.06
1Mar	1Sep	Ireland 9¾pc '91-96	101⅝	30.1	9.75	9.45
30June	31Dec	Japan 6% '83-88	94	31.12	—	—

AMERICANS

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
Fb My Ag Nv	Abbott Laboratories$	39⅝	12.1	$1.00	—	1.5
—	Ahmanson (H.F.)	13	11.2	88c	—	4.2
F My Ag N	Alcoa $1	32⅝	28.4	$1.20	—	2.2
—	Amax $1	13⅛	5.85	—	—	—
Nv Mr Jn Ag	Amdahl 5c	23⅛	5.11	20c	—	0.5
Mr Je Se De	Amer. Cyanamid $5	30⅝	5.5	$1.90	—	3.8
Fb My Ag Nv	Amer Express $0.60	21⅝xd	12.1	$1.44	—	4.0
Fb My Ag Nv	Amer. Medical Int. $1	11⅛	10.4	72c	—	4.0
Fb My Ag Nv	American T. & T. $1	17⅝	25.9	$1.20	—	4.2

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

J. Henry Schroder Wagg & Co Ltd

120 Cheapside, London EC2 01-382 6000

Schroders Asia Limited

25th Floor, 2 Exchange Sq, Hong Kong

Thornton Management Ltd

16 Finsbury Circus, London EC2M

LONDON SHARE SERVICE

AMERICANS—Continued

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
Oc Ja Ap Jy	Sara Lee $1	27⅞xd	24.12	$1.00	—	2.2
Mr Ju Se De	Saul (B. F.) $1	9	7.4	20c	—	1.3
Fb My Ag No	Southwestern Bell $1	24	7.4	h$2.32	—	5.9
—	Staley Continental	16¼	—	80c	—	2.9
Mr Ju Se De	Sun Co. Inc. $1	[illegible]	[illegible]	$3.00	—	4.6
Ma Ju Se Dec	TRW Inc. $1¼	33¼	10.2	h$1.60	—	3.0
Mr Ju Sp Dc	Tenneco $5	30⅛	12.5	$3.04	—	6.2
June Dec	Do. 10pcLn.Stk. 91-5	187½xd	24.11	10%	—	5.5
Mr Je Se De	Texaco $6.25	23¼xd	31.7	$3.00	—	7.7
Mr Ju Se De	Time Inc. $1	60¾	22.8	$1.00	—	1.0
Ja Ap Jy Oc	Tracor $0.33	12⅝	16.9	40c	—	1.9
Ja Ap Ju Oc	Transamerica $1	22¼xd	31.3	$1.76	—	4.8
Fe My Au No	Transworld Corp $5	11⅛	11.11	20c	—	1.1
—	TRINOVA Corp.	43¼	12.04	h$1.00	—	1.4
Mr Je Se De	♥USX $1	19⅝	10.10	$1.20	—	3.7
Ag Nv Fb Jn	Union Carbide $1	18	5.5	$1.50	—	5.0
Mr Jn Sp Dc	Utd. Technologies	30	19.5	$1.40	—	2.9
Fb My Ag No	US West!	33	13.4	$3.28	—	6.1
—	Waste Management $1	25	—	—	—	—
—	Whirlpool $1 0	£22½	—	—	—	—
Mr Je Se De	♥Woolworth $3½	32⅞	19.11	$1.32	—	2.5

CANADIANS

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
—	♥Abbot Energy Corp.	20½p	—	—	—	—
—	♥Amer. Barrick Res.	21	—	—	—	—
—	Armeno	89p	—	—	—	—
Fb My Ag Nv	Bk. Montreal $	15⅛	24.11	$2.00	—	6.0
Ja Ap Ju Oc	Bk. Nova Scotia	818p	12.1	72c	—	4.1

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

Stock	Price		Div Net	C'vr	Y'ld Gr's	P/E
Aberdeen Am Pet 10p	33	—	—	—	—	—
Allied Ins. Brokers	122	—	13.5	2.5	4.0	14.2
Ardmore Pet. 'A'	12	—	—	—	—	—
Catalyst Comms. 5p	70	—	—	—	—	29.1
Chelsea Artisans 5p	100	—	—	—	—	24.1
Corton Beach 10p	80	1.6	0.4	◆	0.6	◆
Crown Eyeglass 5p	195	—	—	—	—	—
Edenspring Investment	220	—	—	—	—	—
Eglinton Oil Ir.5p	29	—	—	—	—	—
Do. Warrants	19	—	—	—	—	—
Publishing Hldgs.5p	62	—	—	—	—	35.9
Theme Holdings	64	27.4	1.0	◆	2.1	◆
Unit Group	140	—	4.6	2.5	4.5	10.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv 20p	83	.....
Craig & Rose £1	£17¼	.....
Finlay Pkg. 5p	101	+1
Holt (Jos) 25p	967	+4
IoM Stm. £1	118	.....
IRISH		
Fund 11¼% 1988	£100¾	.....
Nat. 9¾% 84/89	£98½	.....
Fin. 13% 97/02	£110¾	−¼
Arnotts	335	.....
CPI Hldgs	57	.....
Carrol Inds.	148	.....
Dublin Gas	18	.....
Hall (R. & H.)	101	−2
Heiton Hldgs.	41	+8
Irish Ropes	165	.....
Unidare	375	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd	65
BOC Grp	45	Plessey	22
BSR	17	Polly Peck	28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	55	TSB	10
Brit. Telecom	32	Tesco	55
Burton Ord	35	Thorn EMI	70
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	28
Comm Union	30	Unilever	300
Courtaulds	45	Vickers	20
FNFC	30	Wellcome	42
Gen Accident	95	**Property**	
GEC	24	Brit Land	25
Glaxo	200	Land Securities	45
Grand Met	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	**Oils**	
GKN	30	Brit Petroleum	32
Hanson Tst.	15	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	110
Legal & Gen.	32	Tricentrol	11
Lex Service	45	Ultramar	24
Lloyds Bank	50	**Mines**	
Lucas Inds.	62	Cons Gold	95
Marks & Spencer	22	Lonrho	26
Midland Bk	55	Rio T Zinc	90
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

THIS ANNOUNCEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Tender Offer

by

ROBERT FLEMING & CO. LIMITED

and

THE FIRST BOSTON CORPORATION

on behalf of

Dairy Farm International Holdings Limited

to purchase ordinary shares of 10p each in

Kwik Save Group P.L.C.

at 450p per ordinary share.

This Tender Offer closes at 3.00p.m. on 30th June, 1987.

Robert Fleming & Co. Limited
25 Copthall Avenue, London EC2
(Registered in England, No. 262511)

The First Boston Corporation
22 Bishopsgate, London EC2
(Incorporated with limited liability in the Commonwealth of Massachusetts, USA)

22nd June, 1987

To the holders of ordinary shares of 10p each in Kwik Save Group P.L.C. ("Kwik Save").

Dear Sir or Madam,

TENDER OFFER ON BEHALF OF DAIRY FARM INTERNATIONAL HOLDINGS LIMITED ("DAIRY FARM")

On behalf of Dairy Farm, we hereby offer to acquire by tender ("the tender offer"), on the terms and subject to the conditions set out below, up to 32,580,785 ordinary shares of 10p each in Kwik Save ("Kwik Save ordinary shares") representing approximately 21.53 per cent. of the issued ordinary share capital of Kwik Save. Dairy Farm already holds 5,250,000 Kwik Save ordinary shares (representing approximately 3.47 per cent. of the issued ordinary share capital) and its holding in Kwik Save would therefore increase, following successful completion of the tender offer to 37,830,785 Kwik Save ordinary shares, representing 25 per cent. of the issued ordinary share capital of Kwik Save.

Terms and Conditions of the Tender Offer

(1) The consideration under the tender offer shall be a fixed price of 450p in respect of each Kwik Save ordinary share tendered and accepted.

(2) Unless tenders in respect of more than an aggregate of 17,448,471 Kwik Save ordinary shares (representing approximately 11.53 per cent. of the issued ordinary share capital of Kwik Save) are received, the tender offer shall be void.

(3) Subject to the provisions of paragraph 2 above, all tenders shall be irrevocable.

(4) The tender offer will close at 3.00p.m. on 30th June, 1987 and no tenders received after that time will be accepted.

(5) Kwik Save ordinary shares shall be acquired by Dairy Farm free from all liens, charges and encumbrances, and with all rights now or hereafter attaching thereto including the right to receive all dividends and other distributions declared, made or paid after the date hereof save for the interim dividend of 2.1p (net) per Kwik Save ordinary share announced on 14th May, 1987 and payable on 1st July, 1987 to shareholders on the register on 22nd May, 1987.

(6) Shareholders may tender all or any part of their holdings. If the aggregate number of Kwik Save ordinary shares tendered amounts to more than 32,580,785 Kwik Save ordinary shares, tenders will be scaled down pro rata.

(7) All tenders must be made on the form of tender which forms part of this document ("the form of tender"), duly completed in accordance with the instructions therein, which constitutes part of the terms of the tender offer.

(8) Notwithstanding that no certificate(s) is/are delivered in respect of it, a duly completed form of tender (i) executed under seal of Sepon Limited and endorsed on behalf of The Stock Exchange to the effect that the Kwik Save ordinary shares to which it refers are the whole or part of a holding registered in the name of Sepon Limited and/or are Kwik Save ordinary shares to which Sepon Limited is unconditionally entitled immediately to become the registered holder; or (ii) executed by any other person(s) and endorsed on behalf of The Stock Exchange to the effect that such person(s) is/are unconditionally entitled immediately to become the registered holder(s) of the Kwik Save ordinary shares and that one or more Talisman transfer(s) in favour of such person(s) in respect thereof is/are in the course of registration, shall be treated as valid in all respects on the date of its actual receipt, provided that, on presentation to Kwik Save for registration, the instrument of transfer executed pursuant thereto is unconditionally accepted for registration. Any duly completed form of tender bearing the stamp of a member of The Stock Exchange may at the discretion of Dairy Farm be treated as valid notwithstanding that no certificate(s) or other document(s) of title is/are delivered in respect of it.

(9) The tender offer shall be governed by and construed in accordance with English law.

Procedure for Tendering

Forms of tender duly completed should be returned together with certificate(s) in the name(s) of the person(s) executing the relevant form and/or other document(s) of title for at least the number of Kwik Save ordinary shares being tendered to National Westminster Bank PLC, New Issues Department at the address set out in the form of tender as soon as possible but in any event so as to arrive not later than 3.00p.m. on 30th June, 1987. If some but not all of the shares represented by a certificate delivered with a form of tender are sold pursuant to the tender offer, the relevant shareholders will be entitled to receive from Kwik Save a certificate for the unsold shares.

Settlement

(1) The result of the tender offer and (if applicable) the basis of scaling down tenders will be announced by 9.00a.m. on 1st July, 1987, the business day next following the closing date.

(2) Cheques will be despatched not later than 10 business days following the closing date or, if later, the date of receipt of the relevant certificate(s) and/or other document(s) of title to holders of Kwik Save ordinary shares whose tenders, valid and complete in all respects, are received before the tender offer closes in respect of the number of Kwik Save ordinary shares successfully tendered and, if applicable, after taking account of any scaling down.

(3) All documents and remittances sent to holders of Kwik Save ordinary shares will be sent at their own risk and no acknowledgement of receipt of documents will be sent. If an insufficient number of Kwik Save ordinary shares is tendered, as set out above, forms of tender, certificates and/or other documents of title will be returned within 10 business days following the closing date.

Dairy Farm's Intentions

Dairy Farm is interested in acquiring a substantial long term strategic share holding in Kwik Save, a business which has many of the same characteristics as its own. It is not Dairy Farm's intention to make any general offer to acquire all the issued share capital of Kwik Save for at least twelve months. However, Dairy Farm reserves the right to reconsider its position in the event of any material change of circumstances, including for example if the Board of Kwik Save were to recommend such an offer or propose a material corporate transaction or if a third party announces its intention to make any tender or general offer for ordinary shares of Kwik Save.

Taxation

The disposal of Kwik Save ordinary shares pursuant to the tender offer will constitute a disposal or part disposal for the purposes of United Kingdom taxation on capital gains and may give rise to a liability to taxation. Any shareholder who is in any doubt as to his tax position should consult his professional adviser.

Yours faithfully,

for and on behalf of
Robert Fleming & Co. Limited
J. D. CROSLAND
Director.

for and on behalf of
The First Boston Corporation
RICHARD S. KELLY
Vice President.

APPENDIX

(1) The following table sets out the middle market quotations for Kwik Save ordinary shares based on The Stock Exchange Daily Official List, at the close of business on the first dealing date of each month from January, 1987 and on 17th June, 1987 (the last dealing date prior to the announcement of the tender offer).

Dates 1987	Price p	Dates 1987	Price p
2nd January	243		
2nd February	260	1st May	293
2nd March	281	1st June	314
1st April	284	17th June	382

(2) Robert Fleming & Co. Limited and The First Boston Corporation are satisfied that sufficient resources are available to Dairy Farm to satisfy the immediate cash consideration under the tender offer.

Unless the context otherwise requires, expressions defined in the tender offer document dated 22nd June, 1987 from Robert Fleming & Co. Limited and The First Boston Corporation bear the same meanings in this form.

FORM OF TENDER
for the sale of
KWIK SAVE ORDINARY SHARES.

Action to be taken

If you wish to tender all or any of your Kwik Save ordinary shares, you should complete and sign where indicated below. You should insert the number of Kwik Save ordinary shares which you wish to tender in the relevant box and sign the form and then send it together with your certificate(s) and/or other document(s) of title for at least the total number of 10p ordinary shares tendered to National Westminster Bank PLC, New Issues Department at the address given below as soon as possible but in any event so as to arrive not later than 3.00p.m. on 30th June, 1987.

Note

If you have lost one or all of your certificates you should follow the procedure in note (e) below. Your attention is also drawn to the additional notes below.

NOTES REGARDING THE COMPLETION AND LODGING OF THIS FORM

The following notes should be read carefully as in order to be valid the form of tender must be correctly completed in all respects and received by National Westminster Bank PLC at the address given below by 3.00p.m. on 30th June, 1987, *together (subject to Condition (8) set out in the tender offer document referred to above)* with the relevant certificate(s) and/or other document(s) of title and, where appropriate, death certificate, probate, letters of administration, marriage certificate and/or deed poll.

In order to be valid this form must, except as mentioned below, be signed personally by the registered holder or, in the case of a joint holding, by ALL the registered holders. A body corporate must execute this form under seal, the seal being affixed and witnessed in accordance with its Articles of Association or other regulations.

The following suggestions are made to avoid delay and inconvenience:-

(a) If a holder is away from home (e.g. abroad or on holiday):-
Send this form by the quickest means (e.g. airmail) to the holder for execution, or, if he has executed a power of attorney, have this form signed by the attorney. In the latter case, the power of attorney (or a duly certified copy, as provided in the Powers of Attorney Act 1971) must be lodged with this form for noting. No other signatures will be accepted.

(b) If you have sold your holding in Kwik Save:-
You should immediately hand this form to the purchaser or to the stockbroker, bank or other agent through whom the sale was effected for transmission to the purchaser.

(c) If the sole holder has died:-
If probate or letters of administration have been registered with Kwik Save, this form must be signed by the personal representative(s) of the deceased.
If probate or letters of administration have been granted but have not been registered with Kwik Save, the personal representative(s) should sign this form and forward it to National Westminster Bank PLC at the address given below with the certificate(s) and with a copy or the probate or letters of administration as soon as possible.

(d) If one or more of the joint holders has died:-
This form is valid if signed by all the surviving holders and lodged with National Westminster Bank PLC at the address given below, accompanied by the death certificate, probate or letters of administration of the deceased holder.

(e) If one or all of your certificate(s) has/have been lost or is/are not readily available:-
Complete and lodge this form with a letter of explanation and any certificates available with National Westminster Bank PLC at the address given below. At the same time you should write to the Registrars of Kwik Save for a letter of indemnity which should be completed in accordance with the instructions given. When completed the letter of indemnity must be lodged with National Westminster Bank PLC at the address given below by 3.00p.m. on 30th June, 1987. No payment will be made under the terms of the tender offer unless certificate(s) and/or other document(s) of title, or an acceptable indemnity in lieu thereof, is/are received by the due date.

(f) If your name or other particulars are shown incorrectly on the certificate, eg:-
(i) incorrect name:-
eg: on the certificate .... James Smith
correct name .... James Smythe
complete and lodge this form with the correct name and accompanied by a letter from your bank, stockbroker or solicitor, confirming that the person described on the certificate and the person who has signed this form are one and the same;
(ii) incorrect address:-
write to the correct address on this form;
(iii) change of name:-
lodge your marriage certificate or the deed poll with this form for noting.

Further copies of this form are available from:-

National Westminster Bank PLC
New Issues Department
PO Box 79, 2 Princes Street
London EC2P 2BD

Robert Fleming & Co. Limited
25 Copthall Avenue
London EC2 7DR

The First Boston Corporation
22 Bishopsgate
London EC2N 4BQ

Cazenove & Co.
12 Tokenhouse Yard
London EC2R 7AN

To: Robert Fleming & Co. Limited and The First Boston Corporation ("the Managers") and Dairy Farm International Holdings Limited ("Dairy Farm")

(1) I/We, the undersigned, have received the tender offer document dated 22nd June, 1987 (the "tender offer document") from the Managers offering on behalf of Dairy Farm to acquire by way of tender up to 32,580,785 Kwik Save ordinary shares. I/We hereby irrevocably tender to the Managers, on the terms and subject to the condition set out in the tender offer document,

*

*INSERT HERE THE NUMBER OF ORDINARY SHARES WHICH YOU WISH TO TENDER AND THEN SIGN BELOW. IF THE BOX IS LEFT BLANK, YOU WILL HAVE TENDERED THE HOLDING, REPRESENTED BY THE CERTIFICATE(S) ENCLOSED WITH YOUR FORM OF TENDER.

Kwik Save ordinary shares held by me/us, or such smaller number as may result from scaling down in accordance with the provisions of the tender offer document, at 450p per ordinary share for settlement in cash.

(2) I/We enclose the certificate(s) and/or document(s) of title in respect of the Kwik Save ordinary shares tendered.

(3) Subject to the tender offer becoming unconditional in all respects, my/our execution of this form shall constitute: (i) my/our irrevocable acceptance of the offer on behalf of Dairy Farm contained in and on the terms and subject to conditions in the tender offer document in respect of the number of Kwik Save ordinary shares set out or deemed to be set out above (or such smaller number as may result from scaling down in accordance with the provisions of the tender offer document); (ii) an irrevocable appointment (by way of security for my/our contractual obligations hereunder) of Dairy Farm and any director of any of the Managers as my/our attorney to complete and execute on my/our behalf and in my/our name one or more instruments of transfer in favour of *Dairy Farm of the* Kwik Save ordinary *shares in respect of which I/we* have accepted or shall be deemed to have accepted that offer and on my/our behalf to execute any further documents and to do any other acts as may be necessary or expedient to give effect to any such transfer; and (iii) my irrevocable authority and request to Dairy Farm or its agents to send by post at my/our risk to the person or agent whose name and address are set out below or, if none is set out, to the first named holder at his/her address set out below, a cheque for the cash consideration due to me/us and any documents of title to which I am/we are entitled.

(4) Subject to the tender offer becoming unconditional in all respects, my/our execution of this form shall constitute an irrevocable appointment (by way of security for my/our contractual obligations hereunder) of each of Dairy Farm and any director or any of the Managers as my/our attorney; (i) to execute on my/our behalf any form of proxy in respect of such number of Kwik Save ordinary shares which I/we have tendered hereby and which are accepted by Dairy Farm; and (ii) to appoint any person nominated by Dairy Farm to attend at and to vote for me/us and on my/our behalf in such manner as he thinks fit, or to abstain from voting, at any meeting of holders of Kwik Save ordinary shares pending the registration of the transfer in respect of such Kwik Save ordinary shares.

Please insert below in BLOCK CAPITALS the name and address of the person or agent to whom you wish any cheque and/or document of title to be sent (if other than to the first named shareholder at his/her address set out below).

Name ....

Address ....

....

PLEASE SIGN HERE

Signed, sealed and delivered by the undermentioned shareholder(s):

(1) Sole or First Holder (L.S.)
Usual signature ....
Surname ....
(State whether Mr., Mrs., Miss or Title)
Forename(s) ....
(in full)
Address ....
(in full)
....

(2) Second Holder (if any) (L.S.)
Usual signature ....
Surname ....
(State whether Mr., Mrs., Miss or Title)
Forename(s) ....
(in full)

(3) Third Holder (if any) (L.S.)
Usual signature ....
Surname ....
(State whether Mr., Mrs., Miss or Title)
Forename(s) ....
(in full)

(4) Fourth Holder (if any) (L.S.)
Usual signature ....
Surname ....
(State whether Mr., Mrs., Miss or Title)
Forename(s) ....
(in full)

For Office Use Only

1. Tender No.	2. Ordinary Shares Tendered	3. Shares accepted
4. Balance	5. Cash £	6. Cheque No.

For Stock Exchange/Registrar Use/Stock Exchange Member's Stamp

WORLD STOCK MARKETS

AUSTRIA

1987 High	Low	June 19	Price Sch%
2410	1890	Creditanstalt	1910.00
3210	2460	Goesser	2655.00
15200	10800	Interunfall	10900.00
14,000	7050	Jungbunzlauer	7050
2125	1740	Laenderbank	1770.00
712	600	Perlmooser	685.00
167	127	Steyr-Daimler	127.00
1113	690	Veitscher Mag	700.00

BELGIUM/LUXEMBOURG

1987 High	Low	June 19	Price Frs.
3300	2900	B.B.L.	3250
16000	15300	Banque Gen. Du. L.	15300
15200	14300	Bank Int. A	14300
12500	9000	Bekaert B	10350
5520	3900	Ciment CBR	5370
182	131	Cockerill	170
3465	2700	Delhaize	3255
5500	4685	EBES	5000
2700	1625	Fabrique Nat	1625
1250	926	GB Inno BM	1160
4525	3430	GBL (Brux) L	3790
6850	6080	Generale Bank	6280
6890	6000	Gevaert	6740
8020	6680	Hoboken	7350
4510	3765	Intercom	3960
4710	4040	Kredietbank	4640
12500	10,650	Pan Holdings	12500
11650	9210	Petrofina	11150
8000	5000	Royale Belge	6050
3825	3115	Soc Gen Belge	3440.00
14950	10375	Sofina	13925
12575	8270	Solvay	12150
450	185	Stanwick Intl.	450
7360	6280	Tractebel	7250
10,300	8900	UCB	9450
5940	5160	Wagons Lits	5400

DENMARK

1987 High	Low	June 19	Price Kr %
970	720	Baltica Skand	970.00
299	251	Cop Handelsbank	292.00
410	323	D. Sukkerfab	330.00
375	309	Den Danske Bank	368
228	160	East Asiatic	208.00
980	825	Forenede Brygg	840
357	260	GNT Holding	262.00
845	695	I.S.S.B. Systems	780.00
575	455	Jyske Bank	550
294	238	Novo Inds.*	268.00
295	243	Privatbanken	282.00
954	675	Sophus Berendsen	935.00
242	149	Superfos	237.00

NORWAY

1987 High	Low	June 19	Price Kroner
76	57	Aker-Norcem	71.50
191	169	Bergen bank	173.70
397.5	260	Bergesen B	383.00
211	179.5	Christiania Bk	179.50
208	148	Den Norsk Credit	153.50
109	86.5	Elkem	104.00
161	133	Kosmos	140.50
212.5	170	Kvaerner	206.00
258	204	Norsk Data	219.00
209.5	132	Norsk Hydro	200.50
424	370	Orkla Borregaar	395.00
368	290	Storebrand	348.00

SWEDEN

1987 High	Low	June 18	Price Kroner
209	142	AGA (free)	198.00
343	261	Alfa-Laval	317.00
350	286	ASEA (Free)	344.00
300	200	Astra (Free)	285.00
184	140	Atlas Copco	176.00
240	136	Beijer A Fria	230.00
240	143	Cardo (Free)	235.00
380	235	Cellulosa	351.00
331	274	Electrolux B	291.00
298	189	Ericsson	259.00
173	124	Esselte	148.00
395	210	Mo Och Domsjo	395.00
240	187	Pharmacia	209.00
770	600	Saab-Scania (free)	620.00
190	135	Sandvik	175.00
170	110	Skandia	158.00
133	104	Skan Enskilda	129.00
397	310	SKF	347.00
401	269	St. Kopparbergs	394.00
465	380	Svka Handelsbn	455.00
105.6	83	Swedish Match	104.00
347	261	Volvo B (Free)	320.00

NETHERLANDS

1987 High	Low	June 19	Price Fl.
65.5	55.5	ACF Holding	61.30
94.6	78	AEGON	93.00
107.3	91.2	Ahold	96.70
159.7	127.3	AKZO	143.60
530	444	ABN	471.00
75.4	58.2	AMEV	64.60
90.5	70	AMRO	74.30
91	43	Bredero Cert	38.00
57	48.2	Buehrmann-Tet	51.80
244	195.5	Dordsche Petroleum	241.30
53.2	46	Elsevier Ndu	51.80
58.5	44	Fokker	55.40
48	39	Gist Brocades	44.50
179.7	145	Heineken	176.00
43.3	29.7	Hoogovens	42.80
62.1	48.4	Hunter Douglas	50.30
24	16.6	IHC Caland	21.90
70.7	59	Int Mueller	62.30
52.5	35.1	KLM	52.50
162.5	133.5	KNP	144.50
81.2	66	Nat Ned Cert	71.80
197	153	Ned Mid Bank	157.00
180.5	128.5	Ned Lloyd	142.00
476	380	Oce Grinten	420
41.6	34	Ommeren (Van)	34.70
78.2	60	Pakhoed	76.20
53.1	43	Philips	50.70
110.2	94	Robeco	105.90
146.8	137.6	Rodamco	146.40
100.4	82.8	Rolinco	99.80
52.6	49.6	Rorento	52.50
265.1	207.8	Royal Dutch	263.50
692.3	493.5	Unilever	678.50
28	22.5	VMF Stork	24.90
89.1	68	VNU	83.80
87.1	73	Wessanen	83.50
140	106.5	Wolters-Samsom	132.00

ITALY

1987 High	Low	June 19	Price Lire
27000	23535	Banca Com'le	23685
715	650	Bastogi-IRBS	672
7155	5765	CIR	6075
3650	2030	Credito Italian	2080
17850	12110	Fiat	13170

ITALY Continued

1987 High	Low	June 19	Price Lire
141200	129000	Generali Assicur	134800
101000	72000	Italcement	98500
1340	960	La Rinascenti	1275
2968	2501	Montedison	2555
14700	11900	Olivetti	13780
7840	6420	Pirelli Co	6550
5750	4990	Pirelli Spa	5110
4360	3680	Saipem	3680
4895	3699	Snia BPD	3750
35500	27720	Toro Assic	32990

SWITZERLAND

1987 High	Low	June 19	Price Frs.
13050	8,725	Adia Intl.	11700
663	430	Alusuisse	650
4100	2925	Bank Leu	3075
2380	1,570	Brown Boveri	2380
3575	2,920	Ciba Geigy	3575
2,575	2,000	do. (PtCts)	2405
3,840	2900	Credit Suisse	3060
3,810	3400	Elektrowatt	3590
1990	1370	Fischer (Geo.)	1510
142,750	111,000	Hoff-Roche (Pt Cts)	130750
14,250	11,950	Hoff-Roche 1/10	13125
9,125	7,900	Jacobs Suchard	8700
4,130	3275	Jelmoli	3500
1,880	1500	Landis & Gyr	1600
9,950	8,625	Nestle	9575
1,400	1,110	Oer-Buhrle	1235
2,300	2,050	Pargesa Hldg	2120
460	389	Pirelli	417
12200	10,300	Sandoz (Br)	12000
2000	1,550	Sandoz (PtCts)	2000
870	590	Schindler (PtCts)	845
1,750	1500	Sika	1580
8,950	6010	Surveillance	6275
1385	1,080	Swissair	1365
572	421	Swiss Bank	450
20,300	15200	Swiss Reinsce	16000
2,788	1960	Swiss Volksbk	2070
6,120	4350	Union Bank	4675
7,500	5,800	Winterthur	6375
7,917	5875	Zurich Ins	6575

FINLAND

1987 High	Low	June 18	Price Mka
223	148.5	Amer	221
52.3	43.75	KOP	49.55
248.5	184	Kone	215
118	88.6	Finnish Sugar	88.6
179.5	132.5	Nokia	169.5
92.7	69	Pohjola 'B'	82.75
28.25	19	Rauma-Repola	27
246.5	137.5	Stockmann 'B'	243.5
36.75	28.8	UBF 'C'	33.4
154.5	150.5	Utd. Paper	151.5
217	155.5	Wartsila (s11)	206.5

SINGAPORE

1987 High	Low	June 19	Price $
1.97	1.25	Boustead Hldgs	1.92
6	4.25	Cerebos Pacific	5.60
5.2	3.5	Cold Storage	4.60
14.4	9.05	DBS	13.70
8.8	6.15	Genting	6.40
4.88	2.58	Haw Par Bros	4.88
4.46	2.71	Hong Leong Fin	4.44
5.6	2.72	Inchcape Bhd	5.60
3.9	2.74	Keppel Shipyard	3.54
8	5.15	Malay Banking	7.75
2.61	1.16	Malayan Utd. Ind.	2.48
0.93	0.39	Multi Purpose	0.90
10.3	8.9	OCBC	9.20
4.88	3.22	OUB	4.50
2.8	1.17	Public Bank	2.59
3.52	1.93	Sime Darby	3.42
14.2	9.25	Singapore Air	13.40
8.6	7.6	Singapore Press	8.40
4.42	3.66	Straits Trading	4.24
3.52	2.82	Tat Lee Bank	3.46
5.9	4.18	UOB	5.55

AUSTRALIA

1987 High	Low	June 19	Price Aust.$
4.1	2.55	ACI Int.	4.00
2.8	1.8	A.F.P.	2.40
14.5	8	Adelaide Steams	8.20
5.04	4.15	Amcor	4.65
4.3	2.8	ANZ Group	4.22
3.45	2.65	Ampol Pet	3.10
3.75	2.93	Ariadne Aust	2.93
4.7	2.7	Ashton	3.60
3.12	2.25	Aust Guarant	2.72
2.05	1.05	Aust Nat Inds	1.90
8.4	7.1	Bell Group	8.40
6.4	4.12	Bell Resources	4.12
2.63	1.67	Bond Corp Hldgs	2.50
5.1	4.35	Boral	5.02
5.46	3.1	B'ville Copper	4.25
10.3	7.65	Brambles Inds	10.00
1.89	0.85	Bridge Oil	1.55
10.35	7.75	BHP	10.09
1.90	1.25	BHP Gold	1.31
4.91	3.77	Burns Philp	4.22
11.3	6.4	CRA	9.60
4.35	3.55	CSR	4.05
5.8	2.55	Chase Corp	2.87
1.85	0.7	Claremont Petro	1.14
7.3	6	Coles Myer	7.04
3.65	2	Comalco "A"	3.52
0.74	0.2	Consolidated Pet	0.20
3.8	2.05	Costain Aust	2.70
5.1	4	Elders IXL	4.48
2.6	1.55	Energy Res	2.60
3.43	2.18	Gen Prop Trust	3.25
4.95	3.42	Goodman Fielder	3.85
4	2.8	Hardie (J.)	3.65
5.1	2.6	Hartogen Energy	3.40
4.2	2.7	ICI Aust	4.15
6	4.35	Industrial Equity	4.70
0.87	0.38	Jimblana (50cFP)	0.57
1.45	0.85	Kia Ora Gold	1.00
9.8	6.9	Kidston Gold	6.90
14.4	8.4	Lend Lease	14.00
3.48	1.45	MIM	2.40
4.75	3.9	Mayne Nickless	4.65
5.2	4.1	Nat. Aust. Bank	4.80
25	17	News	18.90
4.5	3.1	Noranda Pacific	3.55
3.29	1.91	North Bkn Hill	2.98
1.11	0.53	Oakbridge	0.60
5.06	3.5	Pacific Dunlop	4.75
4.5	2.68	Pancont'l	3.60
3.65	3.05	Pioneer Conc	3.40
4.75	2.1	Placer Pacific	3.55
6.1	2.7	Poseidon	5.50
1.7	0.98	Queensland Coal	1.50
7.2	3.85	Santos	6.82
5.2	4.6	Smith (H.)	5.10
4.52	3.16	Thos Natwide	4.40
8.1	5.75	Tooth	8.10
4.05	2.55	Vamgas	3.70
8.12	3.51	Western Mining	6.42
5.3	4.4	Westpac	5.00
2.68	1.55	Woodside Petrol	2.20
4.1	3.35	Woolworths	3.40
4.4	2.5	Wormald Intl	3.40

GERMANY

1987 High	Low	June 19	Price Dm.
350	280	AEG	315.50
2220	1553	Allianz Vers	1795.00
303.5	239	BASF	303.50
334.5	274	Bayer	334.50
563	365	Bayer-Hypo	408.00
523	375	Bayer-Verein	415.00
543	390	BHF-Bank	430.00
650	455	BMW	650.00
344	270	Brown Boveri	319.50
312	244.5	Commerzbank	269.30
350	269	Cont'l Gummi	339.70
1220	920	Daimler-Benz	1089.00
533.5	420	Degussa	475.00
240	200	D'sche Babcock	226.00
790	571	Deutsche Bank	641.60
381	286	Dresdner Bank	326.50
310	268	Feld Muehle Nob	303.80
531	458	Henkel	531.00
1110	634	Hochtief	639.5
297	240	Hoechst	297.00
120.2	88	Hoesch Werke	120.10
555	378	Holzmann (P)	383.00
293	201	Horten	229.00
600	507	Hussel	561.00
479	403	Karstadt	445.00
529	447	Kaufhof	493.50
182	142	KHD	182.00
51.8	35	Kloeckner	42.50
708	589	Linde	703.00
191	143	Lufthansa	181.50
197.6	148	MAN	170.90
185	142	Mannesmann	158.20
1025	740	Mercedes Hld	943.00
366	250	Metallgesell	322.00
2700	1550	Muench Rueck	1800
823	687	Nixdorf	809.80
995	815	Porsche	970.00
200	145	Preussag	155.00
240	186	Rhein West Elect	213.80
346	238	Rosenthal	250.00
691	524	Schering	577.00
742	620	Siemens	733.50
127	109	Thyssen	119.50
371.5	311	Varta	335.00
315	252	Veba	314.00
174.5	139.5	V.E.W.	174.50
486	375	Verein-West	408.00
421	312	Volkswagen	387.00

FRANCE

1987 High	Low	June 19	Price Frs.
1961	1515	Emprunt 4½% '73	1940
9091	6600	Emprunt 7% 1973	8900
573	446	Accor	446.00
632.5	502.5	Agence Havas	520.00
768	660	Air Liquide	660
868	666	BIC	715
619	525	BNP (Cert. Inv.)	525
3000	2380	Bongrain	2660
5220	990	Bouygues	1019
5330	4285	BSN Gervais	4860
3005	2190	CIT-Alcatel	2517
3895	3151	Carrefour	3185
746	588	Club Mediterranee	588.00
1185	663	Cie Bancaire	670
407	357	Cofimeg	366.00
328	323	CGE	323.00
3150	2360	Damart	2670
545	379	Darty	379
2560	1912	Dumez S.A.	2162
1543	1136	Eaux (Cie Gen)	1153
398	314	Elf-Aquitaine	366.20
3772	3219	Essilor	3499
1380	1069	Gen. Occidentale	1116
133	84.6	Imetal	115.00
1760	1326	Lafarge Coppee	1485
4530	3785	L'Oreal	4025
5980	4358	Legrand	5310
196.5	77.5	Maisons Phenix	83.00
2865	2200	Matra S.A.	2200
3840	2464	Michelin B.	3130
1734	1295	Midi (Cie)	1295
2600	2200	Moet-Hennessy	2500
119	75	Moulinex	75
229	159.3	Nord Est	159.30
549	460.5	Paribas	460.50
1186	959	Pernod Ricard	959.00
839	716	Perrier	755
558	400	Petroles Fra	476.00
1679	1151	Peugeot S.A.	1485
870	516	Printemps Au	705
1758	995	Radiotech	1408
3600	2475	Redoute	2926
1925	1485	Roussel-Uclaf	1510
457	390	St. Gobain	416.50
500	461	Sefimeg	480
1560	1200	Skis Rossignol	1200
3640	2850	Telemech Elect	2850
1745	1362	Thomson (CSF)	1362
638	502	Valeo	548.00

SPAIN

1987 High	Low	June 19	Price Pts.
1680	1275	Banco Bilbao	1311.00
1135	970	Banco Central	1015.00
650	385	Banco Exterior	440.00
630	450	Banco Hispano	495.00
1900	1395	Banco Popular	1495.00
1295	990	Banco Santander	1142.00
2000	1600	Banco de Vizcaya	1800.00
910	610	Banesto	774.00
750	450	Dragados	730.00
113.2	52.2	Hidrola	72.00
169.2	84.2	Iberduero	104.50
598	375	Petroleos	514.00
194.5	146.5	Telefonica	187.00

SOUTH AFRICA

1987 High	Low	June 19	Price Rand
4.2	2.9	Abercom	3.20
19.25	14.5	AE & CI	18.25
152	92	Allied Tech.	150
43	35	Anglo Am Coal	35
84	67	Anglo Am Corp	82.75
388	308	Anglo Am Gold	359.50
25	18.25	Barclays Bank	22.25
26.75	18.9	Barlow Rand	25.15
81.75	71	Buffels	72.50
5	2.9	CNA Gallo	4.45
7.4	5	Currie Finance	5.50
43.25	35.75	De Beers	39.25
86	66.5	Driefontein	79.50
60.75	50.25	Freegold	51.25
81	57	Gold Fields SA	74
7	4.9	Highveld Steel	7
21.25	17	Malcor Hldgs	19.80
8.55	6.2	Nedbank	8.50
19.1	13	OK Bazaars	18.25
15.5	10	Rembrandt	15
57.62	44.87	Rust Plat	53.87
28	17.5	Safren	28
19	10	Sage Holdings	17.25
21.5	15.3	SA Brewers	19
44	29.75	Smith (C.G.)	43.50
12.75	7.75	Tongaat Hulett	12.40

JAPAN

1987 High	Low	June 19	Price Yen
4100	1890	Ajinomoto	3500
1,990	1020	All Nippon Air	1870
2440	1320	Alps Electric	2440
1280	770	Asahi Chemicals	1160
2180	1310	Asahi Glass	2100
1900	1040	Bank Tokyo	1760
1220	663	Bridgestone	1220
694	545	Brother Inds	690
1020	691	Canon	951
1400	861	Casio Computers	1310
1950	1340	Chugai Pharm	1890
1900	1190	Daiei	1900
4160	1950	Dai Ichi Kan Bank	3700
770	603	Dai Nippon Ink	754
2400	1700	Dai Nippon Ptg	2290
2630	1760	Daiwa House	2370
3930	1710	Daiwa Sec	3080
2380	1710	Eisai	2090
6100	386	Fanuc	5630
4220	3170	Fuji Bank	3810
3650	2730	Fuji Film	3650
2270	1750	Fujisawa	2000
1170	700	Fujitsu	1170
880	479	Furukawa Elect	769
2990	2230	Green Cross	2740
2230	1760	Heiwa Real Est	1780
1150	860	Hitachi	1150
2080	1500	Hitachi Credit	1840
1750	1140	Honda	1750
5400	2560	Indl Bank Japan	4980
769	406	Ishikawajima Ha	715
418	310	Isuzu Motors	418
1030	731	Itoh (C)	803
4240	3210	Ito Yokado	4240
16800	1200	JAL	14800
1630	1050	Jusco	1630
2130	1460	Kajima	1760
2170	1650	Kao Soap	2150
283	175	Kawasaki Steel	260
3090	1600	Kirin	2770
349	156	Kobe Steel	281
690	474	Komatsu	639
807	571	Konishiroku	797
678	348	Kubota	608
1340	1100	Kumagai	1120
5510	3560	Kyoto Ceramic	5500
620	440	Marubeni	532
3590	2500	Marui	3520
452	330	Mazda Motors	431
1220	800	Meiji Seika	1120
2100	1460	MEI	2100
4200	2010	M'bishi Bank	3810
1230	731	M'bishi Chem	1180
1640	960	M'bishi Corp	1360
603	408	M'bishi Elec	585
3490	2440	M'bishi Estate	2790
662	430	MHI	598
3030	1310	Mitsui Bank	2750
939	530	Mitsui Co	815
3100	1850	Mitsui Estate	2650
804	335	Mitsui Toatsu	741
1840	1020	Mitsukoshi	1820
1,040	807	NGK Insulators	935
3120	1510	Nikko Sec	2580
1660	4	Nippon Denso	1620
2090	1400	Nippon Elect	2010
1610	1200	Nippon Express	1340
1700	1270	Nippon Gakki	1680
850	600	Nippon Kogaku	850
367	230	Nippon Kokan	305
1410	1120	Nippon Oil	1360
545	439	Nippon Seiko	540
1470	1000	Nippon Shimpan	1420
398	171	Nippon Steel	336
675	460	Nippon Suisan	637
691	443	Nippon Yusen	611
765	550	Nissan Motor	715
1450	720	Nisshin Flour	1320
5900	2920	Nomura	4990
1390	948	Olympus	1170
840	540	Onada Cement	768
2250	1010	Orient Finance	1660
4360	3330	Orient Leasing	3950
2780	1600	Pioneer	2780
1070	700	Ricoh	1070
2050	1610	Sankyo	1860
3610	1610	Sanwa Bank	3200
530	361	Sanyo Elect	530
2300	1270	Sapporo	2060
2640	1660	Sekisui House	2450
8490	6700	Seven-Eleven	8450
1140	816	Sharp	1140
1190	723	Shimizu Const	1000
1980	1550	Shionogi	1760
2150	1680	Shiseido	2060
710	362	Showa Denko	670
3970	2720	Sony	3970
4930	2560	Sumitomo Bank	4360
960	395	Sumitomo Chem	925
1850	930	Sumitomo Corp	1110
1830	1460	S'tomo Elect	1770
270	140	S'tomo Metal	234
1350	892	Taisei Corp	1070
1570	971	Taisho Marine	1280
1900	780	Taiyo Kobe Bank	1720
3630	2480	Takeda	3280
3880	2660	TDK	3880
880	660	Teijin	830
2250	1620	Toa Nenryo Kyo	2130
2600	1180	Tokai Bank	2400
2890	1810	Tokio Marine	2370
9350	7150	Tokyo Elect Pwr	7150
1570	1070	Tokyo Gas	1180
2100	1270	Tokyu Corp	1950
1780	1150	Toppan Print	1700
790	555	Toray	736
796	599	Toshiba Elect	712
2530	1910	Toyo Seikan	2450
2090	1460	Toyota Motor	1970
530	258	UBE Inds	485
3000	1600	Victor	3000
900	603	Yamaha	870
3100	1500	Yamaichi Sec	2540
4490	3630	Yamanouchi	4050
1900	1560	Yamazaki	1710
1560	935	Yasuda Fire	1250

HONG KONG

1987 High	Low	June 19	Price H.K.$
26.9	17.5	Bank East Asia	24.40
6.6	4.9	Cathy Pacific	6.40
13.5	8.8	Cheung Kong	13.20
23.2	17.5	China Light	23.00
0.97	0.58	Evergo	0.67
15.1	10.2	Hang Lung	14.80
38	25	Hang Seng Bank	37.00
7	4.8	Henderson Land	6.75
24.8	15.3	HK China Gas	17.90
11.5	6	HK Electric	9.25
8.3	5.1	HK Land	7.05
11	7.4	HK Shanghai Bank	8.45
15.5	11.3	HK Telephone	13.80
14	11.3	Hutchison Wpo	12.60
28.3	17.7	Indust Equity P	20.90
20	13.1	Jardine Math	18.90
12.8	8.1	New World Dev	12.50
17.1	9.25	SHK Props	16.60
1.48	1.12	Shell Elec. Mfg.	1.45
25	15.5	Swire Pac A	23.20
14.3	8.45	TV-B	14.10
9.9	7.5	Wharf Hldgs	8.50
12.1	8.4	Windsor Ind.	12.10
4.17	3	World Int Hldgs	4.10

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO
Closing prices June 19

Sales	Stock	High	Low	Close	Chng
12927	AMCA Int	$10⅞	10¾	10⅞	
13925	Abitibi Pr	$35	33¾	35	+1¼
12300	Agnico E	$32	31¾	32	+¼
37957	Albrta En	$20⅞	20½	20⅝	
15500	Albrta N	$14¾	14⅝	14⅝	
135090	Alcan	$41⅜	40⅝	41⅜	+¾
9098	Algoma St	$16¼	16	16	-¼
2850	Asamera	$13¼	12⅞	12⅞	-¼
8900	Atco I f	$11⅝	11⅜	11½	+⅛
2300	Atco II	$11½	11⅜	11½	+⅛
5430	BC Sugar A	$28	27½	28	
4700	BGR A	$13⅛	13	13⅛	+⅛
10930	BP Canada	$21½	21	21¼	+¼
7300	Banister C	$12½	12¼	12½	
79822	Bk BCol	61	60	60	-1
118831	Bk Montl	$33¾	33	33⅝	+¼
276953	Bk NScot	$18	17⅝	17⅞	
70523	Bell Can	$42	41⅝	42	
173003	Bow Valy	$18⅞	18¼	18¾	+⅝
17100	Bralorne	210	190	210	+20
6950	Bramalea	$23¾	23	23	-½
84076	Brascan A	$35½	34½	35⅜	+⅞
83300	Brkwater	$8½	7⅞	8¼	-⅜
30358	BC ForP	$21¼	20½	21⅛	+½
22750	BC Res	115	112	113	+1
13145	BC Phone	$28¼	28⅛	28¼	+¼
1000	Brunswk	$16	15⅞	16	+⅛
44765	CAE	$10½	10⅛	10⅜	-¼
39800	CCL B f	$13⅞	13½	13½	-⅜
400	CIL	$29¼	29¼	29¼	-¼
360957	Cad Frv	$33¼	32⅛	32½	-⅞
13400	Cambridg	$28⅜	27⅜	27⅜	-¼
19416	Camp RLk	$34¾	34	34	-½
26410	Camp Res	270	265	265	-3
51800	Camp Soup	$20⅞	20¾	20⅞	+⅛
7350	Campeau f	$38⅞	38½	38⅝	-¼
231	CCem ar p	$15⅞	15⅞	15⅞	+⅛
118464	CDC f	$12⅞	12⅝	12¾	+⅛
300	Can Malt	$22¼	22⅛	22⅛	-⅛
3658	C Nor West	$23¾	23½	23½	
3500	C Packrs	$16¼	16	16⅛	-⅜
300	CS Pete f	450	450	450	+40
50	Can Trust	$68¾	68¾	68¾	
900	Cdn GE	$21¾	21¼	21¼	-⅜
265588	Cl Bk Com	$22	21¼	21⅞	-⅛
1200	C Marconi	$20	20	20	-¼
2125	C Ocdental	$38⅝	38½	38⅝	+⅜
349030	CP Ltd	$25	24¾	24⅞	+½
111083	CTire A f	$15⅝	15⅜	15⅝	+⅛
17088	CUtil A f	$20⅛	20	20⅛	+⅛
1300	CUtil B	$20	20	20	
6390	Cantor	$29½	29⅛	29½	
22400	Cara	$12	11⅝	12	+⅛
200	Cara A f	$11¾	11¾	11¾	+¼
276556	Carma A	11½	11	11	
600	Celanese	$21½	21¼	21¼	-¼
12300	CentFd A	$9⅛	8⅞	9	-⅛
14994	Chieftan	$14¼	14¼	14¼	-¼
3000	CHUM B f	$15½	15	15	-1
103001	Cominco	$17⅜	17	17⅜	+⅛
6000	Computlog	$6⅞	6¾	6⅞	
4300	Comput In	315	315	315	+5
4300	Con Bath A	$18⅝	18½	18⅝	-⅛
11700	CDistb B f	455	440	440	-10
5224	Cons Gas	$26¾	26⅝	26⅝	-⅛
2000	Con Glass	$25	25	25	
550	CTL Bank	330	330	330	+5
2674	Conwst B	$13	13	13	
2723	Costain Ltd	$13	12½	13	-¼
18500	Coseka R	115	107	110	
1450	Crownx	$16⅝	16⅝	16⅝	
14100	Crownx A f	$7¾	7½	7½	-¼
17000	Czar Res	210	200	200	-5
22202	Denison A p	$7¼	7⅛	7¼	
118800	Denison B f	$6⅝	6⅜	6⅝	+⅜
34100	Dickntn A f	$11¾	11¼	11¼	-¼
125883	Dofasco	$25¾	25	25¼	+⅛
81255	Dome Mine	$17⅜	17¼	17¼	-¼
101507	Dome Pete	115	112	115	+3
34522	D Textile	$20½	20¼	20½	
17234	Domtar	$19⅝	19½	19⅝	+⅛
18000	Donohue	$36¼	35¾	35¾	+⅜
3609	Du Pont A	$28½	28	28¼	+⅛
9830	Dylex A	$15¾	15½	15½	-⅛
59200	Echo Bay	$48⅜	46⅞	47	-1⅜
700	Emco	$13⅞	13¾	13¾	
15700	FCA Intl	$18⅝	18½	18⅝	-⅛
114670	Fcnbrdg	$22¾	22¼	22½	+⅛
9350	Fed Ind A	$17⅜	17¼	17¼	+⅛
1700	Fed Pion	$12½	12½	12½	+¼
6500	FCity Fin	$19	18½	18½	
145	Ford Cnda	$175	175	175	-1
7348	Gandalf	$12¼	11½	11⅝	-⅜
7950	Geac Comp	299	285	290	-9
7400	Gendis A	$19⅜	19	19⅜	+⅜
2000	Gibritar	$10⅞	10⅝	10⅝	
12100	Goldcorp f	$10⅜	10⅛	10⅛	-⅛
17600	Grafton A f	$14¾	14⅝	14¾	+¾
4820	GL Forest	$45½	45	45½	+½
4550	GuarPA f	$18⅞	18⅜	18⅝	+¼
63037	Gulf Can	$29½	28⅞	28⅞	-⅜
200	Hawker	$28⅝	28⅝	28⅝	-⅛
2723	Hayes D	$11¾	11½	11½	
231277	Hees Intl	$25	23⅞	24⅝	+1
1264	H BayMn s	$9¾	9⅝	9⅝	
6974	H Bay Co	$23¼	23	23	-⅛
187646	Imasco	$34⅝	34¼	34½	+⅛
120455	Imp Oil A	$73	71	73	+1¾
60892	Inco	$24¾	24⅛	24½	+¼
1710	Inland Gas	$14⅞	14¾	14¾	
4550	Innopac	$9¾	9⅜	9⅜	
38231	Inter City	$19⅜	19	19⅜	-¼
113375	Intl Thom	$14½	14	14¼	-⅛
7297	Intpr Pipe	$51	50⅝	51	+¼
10800	Ivaco A f	$15⅛	14⅞	15	+⅛
2200	Ivaco B	$15	15	15	
33351	Jannock	$19¼	18¾	19	-¼
200	Kerr Add	$23	23	23	
220	Kiena Gld	$20⅝	20⅝	20⅝	
51621	Labatt	$25⅞	25⅝	25¾	
41661	LL Lac	$42¼	41¾	41¾	-1
7950	Lacana	$17⅜	17	17	-⅛
13225	Laidlaw A	$21¼	21	21	-⅛
96147	Laidlw B f	$19¾	19½	19⅝	-⅛
5450	Leigh Inst	$5½	5¼	5½	
11400	Loblaw Co	$15	14⅞	15	
7808	Lumonics	$11¼	11	11¼	-¼
7000	MICC	$18⅝	18⅜	18⅜	-⅛
100	MSR Ex	290	280	290	+5
15162	Mclan H X	$20	19⅝	19⅞	+⅛
1700	Mcln HY f	$17⅞	17¾	17⅞	+⅛
280285	Macmillan	$25¼	24½	25	+½
48553	Magna A f	$25	24½	24¾	+¼
4692	Maritime f	$16	15⅝	15⅝	-¼
1000	Mc Intyre	$46½	45½	46	+1
7930	Minnl Res	420	405	405	-5
57600	Mitel Corp	$6⅜	6⅛	6¼	
16881	Molson A f	$25	24¾	24⅞	+⅛
400	Molson B	$25	25	25	-⅛
4425	M Trusco	$14⅝	14⅜	14⅜	-⅜
33915	Moore	$32⅜	32	32⅜	+⅜
7100	Murphy	$30	28⅝	30	+1⅜
90553	Nat Bk Can	$14¾	14⅜	14¾	+¼
1200	Nt Vg Trco	$25	24¼	25	+¾
2650	NB CapA f	$12	12	12	
465799	Noranda	$28¾	28	28¾	+⅝
24749	Norcen	$26¼	25½	26⅛	+⅜
33695	Noron ord f	$23⅜	22⅞	23⅜	+⅜
3300	NC Oils	$17½	17½	17½	-⅛
187600	Nor Tel	$28¼	27⅝	27⅞	-⅛
35700	Northgat	$10	9⅞	9⅞	-⅛
141921	Nva AltA f	$9⅛	8⅞	9	
56500	Nowsco W	$16⅞	16¾	16⅞	+¼
200	Numac	$10¼	10¼	10¼	-¼
2050	Oakwd A f	185	185	185	+5
13000	Ocelot B f	$5⅛	5⅛	5⅛	
3300	Omega Hyd	$8⅜	8⅛	8⅞	
18900	Oshawa A f	$22	20¾	22	+1¼
23023	PacW Airl	$25⅞	25⅜	25½	-⅜
145179	Pgurin A f	$15	14¾	15	
450	Pamour	$14¼	13¾	14¼	+¼
58090	Pegasus	$25	23½	23½	-1⅜
5800	Pembina	$17¼	17	17¼	-¼
3000	PJewl A f	$13½	13¼	13½	
500	Pine Point	$14¼	14¼	14¼	
177570	Placer D	$20⅜	20⅛	20⅛	-⅛
13980	Poco Pet	$16⅛	15¾	16	+⅛
74800	Powr Cor f	$17⅜	17⅛	17⅜	+¼
200	Precamb	355	355	355	-5
7430	Provigo	$11¾	11⅝	11⅝	
3500	Que Sturg	$6⅜	6⅛	6⅛	-¼
21800	Ranger	$7¾	7⅜	7¾	+⅛
400	Rayrock f	$11¾	11¾	11¾	
8900	Redpath	$13⅜	13¼	13⅜	+⅛
3900	Regionl R	345	340	345	+5
6900	Reitman A f	$23½	23	23½	+1
33401	Rio Algom	$21	20½	20½	-½
900	Rogers A	$21⅞	21⅞	21⅞	-¾
29883	Rogers B f	$22¼	22	22¼	+¼
1760	Roman	$15¾	15⅝	15⅝	-⅛
1180	Rothman	$79¾	79¾	79¾	+½
235814	Royal Bnk	$33½	33	33½	+¼
40885	RyTrco A	$17½	16¾	17⅛	
22828	Royex	$5½	5¼	5⅜	-⅛
1900	SHL Syst	$26	25¾	26	+⅛
7900	StL CemA f	$26¼	26	26⅛	-⅛
2200	Sceptre	485	480	485	+5
1300	Scot Paper	$20	19⅜	19⅜	
35900	Scotts f	$11¾	11½	11⅝	-⅛
25700	Scotts C	$12	11¾	12	
107200	Seagram	$102⅞	100¾	102⅝	+1⅞
6588	Sears Can	$11⅛	11	11⅛	+⅛
3500	Selkirk A f	$19¼	19¼	19¼	
36525	Shell Can	$47¼	45	46⅝	+1⅝
880	Sherritt	$5⅝	5⅝	5⅝	
185	Sigma	$20¼	20¼	20¼	+¼
22500	Southm	$22½	22	22½	+⅛
5260	Spar Aero f	$19½	19⅛	19½	+⅛
4000	Steinbg A f	$36½	36½	36½	-½
7346	Stelco A	$24⅜	24⅜	24⅜	
31300	Teck B f	$31½	31	31½	+¼
3000	Tele Met	$29¼	29⅛	29¼	
16047	Terra Mn	250	245	250	+1
11478	Texaco Can	$37	36½	37	+½
38294	Thom N A	$33¼	32⅝	33¼	+⅜
86228	Tor Dm Bk	$29½	28½	29½	+½
2977	Tor Sun	$22½	22¼	22⅜	+⅛
115336	Torstar B f	$31¾	31	31½	+¾
3700	Total Pet	$28	27⅞	28	+¼
7800	Traders A f	$58	56	56	-2½
40	Trns Mt	$18⅛	18⅛	18⅛	
33558	TrnAlta UA	$29½	29¼	29½	
115560	TrCan PL	$17⅞	17¼	17⅜	+½
31264	Trilon A	$20⅝	20⅛	20½	+⅛
20304	Trimac	495	485	495	+5
1386	Trizec A f	$33¾	32¾	33	-¾
336	Trizec B	$33½	33	33½	-½
18730	Ulster P	285	280	280	+7
287	Un Carbid	$17¼	17¼	17¼	-¼
2758	U Entprise	$12	12	12	
2400	U Canso	120	116	116	-9
31100	Verstl A f	84	78	80	
13500	Verstl B	70	70	70	
100	Vestgron	100	100	100	-10
3000	Vulcan Ind	330	315	330	+15
1928	Wajax A	$15	14⅝	15	
31600	Wcoast T	$18⅝	18¼	18⅝	+⅛
3800	Westmin	$11⅞	11⅝	11⅞	+⅛
1640	Weston	$41	40½	40½	
417	Woodwd A	$6⅝	6⅛	6⅛	

F—No voting rights or restricted voting rights.

MONTREAL
Closing prices June 19

Sales	Stock	High	Low	Close	Chng
31315	Bank Mont	$33⅝	33⅛	33½	
1150	BombrdrA	$24	23¾	23¾	
26520	BombrdrB	$24⅛	23⅞	24⅛	
7651	CB Pak	$21	20½	21	+⅝
46830	Cascades	$12	11¾	11⅞	
3300	ConBath	$18¾	18½	18⅝	-⅛
7496	DomTxtA	$20½	20¼	20¼	-¼
4025	MntTrst	$14⅝	14½	14½	-¼
100616	NatBk Cda	$14¾	14¼	14⅝	+¼
6000	Noverco	$12½	12⅜	12½	
81151	Power Corp	$17½	17⅛	17⅜	+⅛
32034	Provigo	$11¾	11⅝	11⅝	
300	RollandA	$15¼	15¼	15¼	-½
33455	Royal Bank	$33⅝	32⅞	33⅛	-⅛
1475	SteinbrgA	$36¾	36⅛	36¼	-½

Total Sales 9,904,796 shares

OVER-THE-COUNTER
Nasdaq national market, closing prices June 19

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Stock	Sales (Hnds)	High	Low	Last	Chng
O O					
OMI Cp 56	430	5¼	5 1-16	5 1-16	-3-16
OMIpf	54	19¼	19⅛	19¼	
OgilGp .84 19	366	32¾	32⅛	32¾	+¼
Ogilvy 1.40 84	5	26	26	26	
OhioCas1.88 10	184	47¾	47¼	47¼	
OldKnt .80 9	174	23¼	22⅞	23	
OldRB .40a 22	1	45⅜	45⅜	45⅜	-⅛
OldRep .80 12	34	25⅞	25¾	25¾	-⅛
Omnicm .88	457	24¾	24¼	24¾	-⅛
OneBc .32 7	207	18⅛	17⅞	18⅛	
OpticC 43	237	18⅞	18⅜	18⅜	
OpticR 27	767	27¼	25⅞	25½	-⅜
Oracle 70	1238	24½	24	24½	+¼
Orbit 13	182	10¼	10	10	
OshBA .54 25	181	80½	78½	79	+½
OshkTB .30 10	183	29¾	29½	29½	-¼
OttrTP 2.92 12	118	43¼	42½	43⅛	+¼
OwenMn .32 15	238	19¼	19¼	19½	+¼
P Q					
PACE	84	6¼	6⅛	6⅛	
PCS 53	103	28½	28	28¼	+½
PNC 1.68 11	2309	49⅛	48⅝	48⅝	-½
Paccar 1.60a 20	1148	69¾	69	69	+¼
PacFst .20e 5	2684	22¼	21⅞	22⅛	+½
Pantera 48	689	14⅝	13½	14	-½
Parisan 15	190	20	19¾	19¾	-¼
PaulHr 22	175	24	23⅞	23⅞	
Paychx 43	627	25¾	25¼	25¾	+½
Payco 31	23	13½	13	13	-½
PegGld 60	2810	18⅝	17⅛	17⅛	-1⅛
Penbcs .88 13	203	30¼	30	30¼	
Pentair .56 15	337	27½	27¼	27½	+¼
Penwst 19	278	u42¼	41¼	42	+½
PeoBnC 1 60	50	68¾	68	68½	-¼
PeopHrt .08e	311	21	20⅝	20⅞	-½
PSBMas .80	138	16¾	16½	16½	-⅛
PeoWst	47	27¼	26⅞	27	
PercTc 25	66	17¾	17	17¾	+1
PerpSs 7	124	12⅝	12⅜	12⅝	+⅛
Petrite 1.12 26	61	35¼	34¾	34¾	
Phrmct	12277	6½	d 6⅛	6⅛	-⅜
Phrmcl .15e 31	251	24⅝	24½	24½	
PhnxRe	66	11½	11¼	11¼	-¼
PicSave 24	375	24⅝	24½	24½	-⅛
PicCafe .48 18	282	20¼	19¾	20	
PionHi 1.04 19	200	35	34¾	35	
PtyFve	23	12⅝	12¼	12⅛	-⅛
PlcyMg 30	196	27½	27¼	27¼	
Porex .10e 10	195	35	34¼	34¾	+¼
Possis	59	13¾	13¼	13¾	+½
PoughSv .10e 7	43	15⅛	15	15⅛	
PrecCst .08 26	946	34¾	33¼	34¾	+1¼
PresLfe .08 8	74	17½	17	17½	+½
PrsinCp .60 16	282	18	17	17	-1¼
Priam	6380	u 5½	5¼	5½	+¼
PriceCo 34	2789	46¼	45¼	45½	-1
PrceTR 19	31	37½	37¼	37¼	
PrinvD .16b 64	27	11	10⅞	10⅞	
ProsGp	923	10¼	9⅞	10	
ProtLfe .70 10	76	14¾	14¼	14¼	-⅛
PrvLfe .84 8	98	21	20¾	21	+⅛
PgSdBs .72 11	64	27	26¼	26¾	
PulitzPb .40 37	228	42¼	41½	42	-¼
PuritBs 24	353	u28¾	28¼	28	
PyrmT	237	11½	10⅞	11⅛	-⅛
QMeds	1714	11	10½	10⅝	-⅛
QVC	816	10⅝	10¼	10½	
Quadrx	1074	8½	8¼	8½	+¼
Quantm 19	4751	18¼	16¾	17⅜	-⅜
Quiksiv 20	371	12	11⅝	11¾	+⅛
Quixote	832	15⅛	14⅝	14⅝	-⅜
R R					
RPM .72 20	210	21	20½	21	
RadSys 14	350	9¾	9⅝	9⅝	-⅛
Rainer 1.16 15	486	u53¼	52½	53	+½
Reeves 17	844	10⅛	10	10⅛	
RgcyEl .20	739	6⅛	5⅞	6⅛	+¼
Regina 31	280	u41¼	40¼	41¼	+1
RntCtrs 31	2549	21½	20¾	21	-¼
Repligen	179	20¼	19¼	19¼	-¾
RepAm .20e 10	423	17	16⅝	16⅞	+⅛
ReutrH .59e	1844	80	79½	79½	-2½
Rexon 25	245	10⅝	10¼	10¼	
ReyRy .78 15	610	33¾	33¼	33½	
RhonPl	72	32	31⅞	31⅞	-⅛
Ribilm	626	9⅞	9⅝	9⅞	
RchmHl	162	16⅝	16⅛	16⅛	
RiggsN 1.10 11	81	27½	27¼	27½	
RoadSv 1.10 21	1123	37¾	37	37¼	+¾
RochCS	172	13⅛	13⅛	13⅛	
RgrCbA	67	15⅛	14½	15⅛	
RsvltFd	375	9⅝	9⅛	9⅝	+½
RoseSs .15a 16	363	19¼	19	19⅛	+⅛
Rospich .15	112	19½	19	19½	+½
RossSir	663	8½	8	8	
Rouses 40	232	24¼	23¾	24	
RyanFs 57	963	14	13¾	13¾	-⅛
S S					
SCI Sys 28	1766	20½	19⅛	20½	+1⅛
SCORU 15	666	14¾	13¾	14¾	
SEI	220	33¼	32¼	33¼	+1
SHL Sys	2836	19⅝	19⅛	19⅝	+⅛
SKFAB 1.47e	68	54½	54¼	54¼	
SPIPh .07	27	10⅛	9½	9½	
Satchls .07i	1772	32	31⅞	31⅞	-1
Safecds .84 20	6794	21⅛	19½	20	-1¼
Safeco .96 8	3539	32¼	31¼	32	
SageBr 40	357	17⅛	17	17	-¼
StJudes 18	999	23⅛	22⅞	23⅛	
StPauls 1.76 11	2487	49	47½	47½	-1⅛
SalCpt 10	19	10⅛	9⅞	10	-⅛
Salick 21	37	11¾	11½	11⅝	-⅛
SFFdl	81	17⅝	17	17	-¼
Sanfrds 24	283	u28	27½	27½	+⅜
ScanTrs 17	50	12	11¾	11¾	
Scherer .32 24	279	19½	19	19⅜	+¼
Scholas	16	44¼	44¼	44¼	-⅜
SchlAs .40 16	242	31¼	30¾	30⅞	-⅜
Scimds 265	667	13⅛	13	13¼	-¼
SciMic 104	160	6⅛	6	6¼	
ScotCb	139	25¾	25⅝	25¾	
Seagate 17	7466	39¼	38⅛	38¾	-⅛
SeamF	460	25⅛	25	25	-¼
SEEQs	59	6¼	6⅛	6⅛	-⅛
Selctins .32 12	266	26¼	25¾	26	-¼
Sensor .05 29	502	11⅞	11⅝	11¾	
SvcMer .08	7127	7¾	7	7⅝	+⅜
SvOak .16 14	116	12¼	12⅛	12¼	
ShrMed .72 21	1754	27¾	26¾	27¼	+1
Shwmt 2.04 6	465	47	46⅞	46⅞	
Sheldls 27	27	8⅞	8⅝	8¾	+¼
Shoneys .16 34	2868	29½	28⅝	29¼	+⅝
Shorwd	213	18¼	17¾	17¾	-⅛
SigmAl .28 32	330	46¼	46¼	46¾	
SigmDs 21	121	15	14	14¾	+¼
SlcnGr 56	267	21⅛	20¾	20¾	-½
SiliconS 55	146	10¼	10	10	-⅛
Silicnx 25	649	11¼	10¾	11⅛	+⅜
SilvLis 195	84	5⅞	5⅝	5⅞	+¼
SlvStMn 42	1721	2⅝	2 7-16	2½	-1-16
SmAir 7	64	8⅝	8½	8⅝	-⅛
Sizlers 27	212	21¼	21	21¼	+⅛
SmthFs 11	116	21¼	20¾	21	-¼
Societys 1.20 10	280	34½	33¾	33¾	-1
SoctySv .36 12	202	23	22	22½	+¼
SoftwA 19	130	14½	13⅝	13⅝	-⅜
SthwPb 24	634	10⅝	9¾	10⅛	-⅜
SomrSv	17	13⅝	13	13	-⅜
SonocPs 21	782	28¾	28¼	28¾	
SCarNs .56 11	181	23½	22¾	22⅞	-⅛
Sounet 27	54	20½	20	20½	
StndFn	799	8½	8	8⅜	-⅛
Soutrst .80 10	239	23⅛	22⅞	23	+⅛
Sovran 1.36 10	805	36⅛	35⅞	35⅞	
Speedy 60	128	44½	44⅜	44⅜	-⅛
StdMic	359	13¾	13½	13⅝	+¼
StdRegs .44 19	1035	22½	22	22¼	
StrptSv 1.48t	361	14⅝	14⅛	14¼	+¼
Stars	215	11¾	11¼	11¾	
StaStBs .44 15	1279	31⅛	30¾	30¾	-¼
Striing 15	18	u24⅝	24	24¼	+½
Stwlnf .76 9	81	19½	19¼	19½	
Stratus 51	1643	38	37	37¼	-¾
StrwbCl .95b 15	10	45¼	44¾	45¼	+¼
Strykrs 35	200	25	24½	24¾	-¼
StudLvt	264	68½	67½	68¼	+¾
Subaru .36 8	4146	13⅛	12⅞	12⅞	-⅛
SuffFin .20 14	10	15	15	15	-¼
SumtB .72 14	23	29¼	29	29	
SunGrd	63	18½	18	18½	+⅜
SunMic 40	3905	41⅛	39⅞	40⅞	-⅛
SymbT 54	302	30¼	29¾	30	+¼
Symblic	1076	4⅜	4⅛	4¼	
Systn 11	182	11⅛	10⅞	11⅛	+⅜
Sysintg 13	9	8⅞	8⅝	8⅝	+⅛
SySoftw	19	18¾	18¼	18¼	-⅛
Systmt .12 27	65	27	26¾	26¾	
T T					
TBCs 14	64	13¼	13	13¼	+¼
TCA .24	136	24¼	23¾	24¼	
TCBYs 43	605	17⅛	16⅝	17	-¼
TCF 6	162	12¾	12⅜	12⅝	+¼
TMK .20e 14	69	12⅝	12⅛	12⅛	-½
TPI En	1981	5¼	5	5⅛	
TS Inds 100	906	22	21¾	22	
TSO 10	258	10	9⅝	10	+⅜
Talman	283	11½	11⅜	11⅜	-⅛
Tandon 9	2775	5⅞	5⅜	5⅜	-⅛
Taunton .12e	52	14¼	14¼	14¼	-¼
TchDats 24	74	13¾	13¼	13⅝	+¼
Telcmd 259	262	18¼	18	18¼	-⅛
TlcmAs 35	2792	37⅝	36⅝	37⅛	-⅜
TlCmwt	10	65½	65½	65½	-½
Telcrds .24	481	38¾	37¾	38¼	-⅜
Telmatc	179	15¾	15¼	15½	+¼
Telabs 20	203	12½	12⅛	12½	+⅛
Tekcon .01g 29	702	25¼	24¾	25	+¼
Tennant .88 17	119	30	28½	29¼	+¾
3Com 28	5744	18⅛	16¾	18¼	+1¾
ToklaFs 91	88	80¼	79⅞	80	-4⅝
TopMkt 23	442	33⅛	33⅛	33⅛	
TrakAus 29	165	u37½	36⅞	37½	+¾
Trnwck 35	80	14¾	14⅝	14¾	
TriStar	418	10⅛	10	10⅛	
TriadSy 25	1029	13	12¾	12¾	
Trimed f	170	16¾	16½	16¾	+¼
TrusJos 15	255	19½	18¼	19¼	+¼
Tsrtcp 1.28	106	30	29⅝	30	+½
20Cntn .32 16	486	22¼	21½	22	+⅜
TycoTy 11	598	12	11¾	11⅞	
Tysons 19	1028	18⅝	18	18	-⅝
U U					
UTL 24	144	16½	16¼	16⅜	+¼
Ungrmn 684	705	14¼	13⅝	13⅞	-⅜
Unifi 18	404	15¼	15	15¼	+⅛
UnFedl .20 4	102	19¾	19⅝	19¾	+⅜
UnPlntr .20e 15	560	35¼	34¾	34¾	+¼
UnWarn 22	105	47⅜	47	47	-½
UACm .04 172	3937	u27½	26¾	27½	+½
UBCol 1.08 11	413	20⅛	19⅞	19⅞	-⅞
UnCosF .50 6	7	18¼	18	18¼	
UHltCr 16	364	6	5⅝	5⅞	
UnbSvrs .72 8	366	27	26½	27	+¼
US Bcs .88 11	453	28⅛	27⅞	28	+⅛
US HltC .16 18	1835	12¾	12½	12⅝	+⅛
US Sur .40 24	374	30¾	30½	30¾	
US Trs 1 12	79	37	36¾	36¾	
UStatn .24 19	47	18¼	17½	17¾	-½
UVaBk 1.04 11	372	32	31¼	31½	-¼
UnvFrs 17	191	17⅜	17⅛	17⅜	+¼
UnvHlt .33e 19	288	7⅝	7½	7⅝	+⅛
V V					
VBand 29	81	29⅜	29	29½	+½
VLI	932	4⅜	4⅛	4¼	
VLSI 296	699	14⅞	14⅜	14⅞	+⅜
VM Sfts 36	287	26	25⅝	26	
ValidLg 259	828	6⅜	5⅞	6⅛	+¼
ValFSs 6	365	16¾	16¼	16¾	+¼
ValNtl 1.44 8	329	40⅜	40⅛	40⅛	-¼
Vicorp	1110	9¾	9⅝	9⅝	-⅛
ViewMs 20	60	15¼	15	15	
Viking 13	221	18¼	17¾	18	+¼
Vipont 99	669	17⅞	17	17¾	+⅜
Virtatk	1008	11¼	11	11¼	
Volvo 1.23e	123	48¾	48⅜	48½	-⅛
W W					
WD 40 1.32a 22	143	33⅛	33¼	33¼	
Walbro .40 11	156	21¼	20¾	21¼	+½
WalbSv .14e	32	12¾	12⅝	12¾	
Warren	17	10⅛	10¼	10⅛	
WashEs 1.28 7	371	18⅜	18⅛	18½	-⅛
WFSLs .68 8	97	28½	27⅞	28⅜	+¾
WMSBs .48 5	1152	36⅝	35	36¼	+1¼
WatrfGl .40e 14	185	18½	18¼	18¼	-⅛
Wattsind .06e 19	144	21¼	20⅝	21¼	+⅝
WausP .46 12	188	30⅛	29¾	29¾	-¼
WbstFs	382	12⅝	12¼	12⅜	-⅛
Weitbilt 15	17	31⅜	31⅜	31⅜	-¼
Wescp	4	8¼	8¼	8¼	
WstAut 24	490	10⅜	10	10⅜	+¼
WstCap 9	160	15	14⅝	15	+¼
WstFSL .10e 4	49	20⅝	20½	20½	+⅛
WnWste 24	22	22¼	21¾	22	-¼
WstnPb 17	1609	14⅝	14¼	14⅝	+¼
WtTIA 13	179	18¼	18	18¼	
Wstmrk	2195	22⅝	21¾	22⅝	+⅝
WmorC .60 20	210	23½	23	23¼	
WstwOs 39	141	27½	26¼	27½	+1½
Wettra 1.04b 17	186	49¼	48	49¼	+⅝
WhyJA 1.10 34	255	40	39¾	40	
Willamt 1.08 14	981	48	48¾	48¾	-¼
WillAL 15	999	19⅞	18¼	19⅞	+⅝
WilsFS	16	14¼	13¼	13¼	-¾
WilmTs .72 14	29	29½	29	29½	+½
WilsnF 14	349	10	9¾	10	
Windmr 19	349	10⅛	10	10	
WiserO .40 183	428	18⅛	18¼	18¼	-¼
Woburn .20	9	11⅞	11⅝	11⅞	
WCYS .10e	66	14¼	14	14¼	+¼
WOW 15	2111	12⅝	12⅝	12½	
Worthgs .36 20	1137	20¾	20¼	20¾	+¼
Wyman .80	589	18⅛	17⅝	18	
Wyse 18	3183	28⅞	27⅜	28⅝	+1
X Y Z					
XL Dis 55	1	20¼	20¼	20¼	
XOMA	592	21¼	20	20	-1
Xicor	377	12⅝	12⅜	12⅜	-⅛
Xidex 42	2701	12⅛	11⅞	12⅛	+⅛
Xylogic 19	74	15½	15¼	15½	+¼
Xyvsn 40	495	17⅛	17¼	17½	+¼
YlowFs .82 15	2923	34⅛	33¼	33⅞	-⅛
ZZBest	2134	7⅛	6⅞	6⅞	-⅜
ZZBstwt	1424	4⅛	3⅞	4⅛	-⅜
ZenNtl .60 13	20	22	21½	21¾	-¼
ZionUt 1.44 13	88	42⅛	41½	41¾	+¼
Zondvn	730	15⅛	14½	14⅝	-⅝

Indices

NEW YORK

DOW JONES

	June 19	June 18	June 17	June 16	1987 High	1987 Low	Since compilation High	Since compilation Low
◆Industrials	2420.85	2408.13	2407.35	2407.35	2420.85 (19/6)	1927.31 (2/1)	2420.85 (19/6/87)	41.22 (2/7/32)
Home Bonds	88.64	88.46	88.60	88.53	95.51 (9/2)	87.07 (22/5)	(—)	(—)
Transport	1026.94	1026.81	1022.80	1019.30	1029.53 (12/6)	816.38 (2/1)	1029.53 (12/6/87)	12.32 (8/7/32)
Utilities	205.55	204.11	203.07	203.25	227.83 (22/1)	191.39 (20/5)	227.83 (22/1/87)	10.5 (8/4/32)

◆Day's High 2431.85 (2419.91) Low 2395.26 (2386.46)

STANDARD AND POOR'S

	June 19	June 18	June 17	June 16	1987 High	1987 Low	Since compilation High	Since compilation Low
Composite‡	306.97	305.69	304.81	304.76	305.69 (18/6)	246.45 (2/1)	305.69 (18/6/87)	4.40 (1/6/32)
Industrials	355.80	354.22	353.22	353.04	353.22 (17/6)	274.58 (2/1)	353.22 (17/6/87)	3.62 (21/6/32)
Financials	30.36	30.44	30.43	30.42	31.51 (6/3)	25.97 (29/5)	31.51 (6/3/87)	8.64 (1/10/74)
NYSE Composite	172.57	171.84	171.44	171.35	172.57 (19/6)	141.01 (2/1)	172.57 (19/6/87)	4.46 (25/4/42)
Amex Mkt. value	339.90	338.64	338.29	337.32	342.23 (6/4)	267.49 (2/1)	342.23 (6/4/87)	29.31 (9/12/72)
NASDAQ OTC Comp	429.08	428.97	428.44	427.53	439.64 (20/3)	353.26 (2/1)	439.64 (20/3/87)	54.87 (3/10/72)

	June 12	May 29	Apr. 24	year ago (approx.)
Dow Industrial Div. Yield	2.83	2.93	2.99	3.62

	June 3	May 27	May 20	year ago (approx.)
S and P Industrial Div. Yield	2.51	2.55	2.64	3.06
S and P P/E ratio	22.43	21.97	21.21	17.23

TRADING ACTIVITY † Volume

Millions	June 19	June 18	June 17
New York	222.770	168.761	184.720
Amex	14.710	14.610	16.060
OTC	(—)	158.527	171.003

NEW YORK	June 19	June 18	June 17
Issues Traded	1961	1,953	1,982
Rises	969	789	777
Falls	610	724	771
Unchanged	382	440	434
New Highs	(—)	65	73
New Lows	(—)	8	15

CANADA

TORONTO

	June 19	June 18	June 17	June 16	1987 High	1987 Low
Metals & Minerals	2874.3	2836.5	2840.58	2831.4	2943.6 (11/5)	1988.2 (2/1)
Composite	3740.20	3720.7	3719.20	3697.2	3881.2 (6/4)	3067.8 (2/1)
MONTREAL Portfolio	1896.15	1877.75	1874.44	1854.84	1935.0 (6/4)	1534.3 (2/1)

	June 19	June 18	June 17	June 16	1987 High	1987 Low
AUSTRALIA All Ord (1/1/80)	(u)	1798.2	1802.8	1808.0	1858.8 (18/5)	1486.7 (2/2)
Metals & Minerals (1/1/80)	(u)	1087.9	1095.3	1099.5	1287.5 (18/5)	729.1 (2/1)
AUSTRIA Credit Aktien (30/12/84)	182.21	(c)	183.29	182.93	230.60 (2/1)	182.21 (19/6)
BELGIUM Brussels SE (1/1/84)	4674.76	4674.31	4671.80	4668.50	4683.0 (15/5)	3987.86 (9/1)
DENMARK Copenhagen SE (3/1/83)	(u)	211.40	210.89	(u)	217.57 (22/1)	189.64 (6/1)
FINLAND Unitas General (1975)	(c)	542.7	544.3	545.4	545.9 (15/6)	425.2 (5/1)
FRANCE CAC General (31/12/82)	400.60	409.80	414.50	417.20	460.4 (26/3)	392.0 (2/1)
Ind Tendance (31/12/86)	99.40	100.30	103.20	104.1	117.2 (26/3)	97.8 (2/1)
GERMANY FAZ Aktien (31/12/58)	615.73	(c)	(c)	598.66	676.84 (6/1)	538.32 (19/3)
Commerzbank (1/12/53)	1858.40	(c)	(c)	1805.60	2048.3 (6/1)	1633.8 (19/3)
HONG KONG Hang Seng Bank (31/7/64)	3165.64	3133.74	3178.62	3170.88	3178.62 (17/6)	2449.88 (20/1)
ITALY Banca Com. Ital (1972)	711.40	715.99	715.01	719.03	767.34 (30/4)	673.60 (3/3)
JAPAN** Nikkei (16/5/49)	25288.12	25750.55	25929.42	25738.86	25929.42 (17/6)	18544.0 (13/1)
Tokyo SE New (4/1/68)	2174.81	2221.82	2241.59	2231.13	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS ANP CBS Gen (1970)	297.40	298.00	298.20	295.00	298.20 (17/6)	257.7 (28/1)
ANP CBS Indust. (1970)	256.00	255.60	252.90	248.30	274.9 (5/1)	243.60 (11/6)
NORWAY Oslo SE (4/1/83)	433.48	432.71	434.29	434.81	436.16 (24/4)	361.98 (2/1)
SINGAPORE Straits Times (30/12/66)	1237.39	1235.17	1236.60	1223.55	1245.71 (5/6)	889.08 (2/1)
SOUTH AFRICA JSE Gold (28/9/78)	(u)	2056.0	2057.0	2079.0	2308.0 (27/4)	1786.0 (19/3)
JSE Indust (28/9/78)	(u)	1897.0	1897.0	1899.0	1957.0 (19/5)	1423.0 (2/1)
SPAIN Madrid SE (30/12/85)	230.22	(c)	227.89	228.37	255.95 (23/2)	202.89 (8/5)
SWEDEN Jacobson & P (31/12/56)	(c)	2712.30	(u)	2698.40	2782.10 (6/5)	2311.39 (28/1)
SWITZERLAND Swiss Bank Corp (31/12/58)	603.30	599.3	600.10	592.90	603.3 (6/1)	564.5 (25/2)
WORLD M.S.Capital Intl (1/1/70)	(u)	477.70	479.8	479.30	480.30 (12/6)	361.3 (2/1)

**Saturday June 13. Japan market closed.

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10, and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
ATT	5,071,100	28⅞	
Gillette	3,688,100	39¼	-½
Pan Am Co	3,444,400	6¼	+⅛
Bk Ts Grp	3,147,600	N/A	
Gen Elect	2,848,400	53⅛	-⅛
IBM	2,367,200	161⅞	+½
Exxon	2,161,300	90⅝	+¼
Amer Expr	2,118,800	35⅞	+⅛
Del Ed	1,942,200	16¼	-⅛
Comm Ed	1,739,600	36⅛	+¼

Closing prices, June 19

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33⅝	20⅛	AAR s	.50	1.5	23	297	u33⅞	33¼	33¾	+¼
37	21⅞	ADT	.92	2.9	18	210	32⅛	31⅝	32	+¼
27¾	16¾	AFG s	.16	.6	12	656	27¼	26⅞	27¼	+⅜
22⅝	8⅜	AGS s			18	535	18⅛	17⅞	17⅞	-¼
13	6¾	AMCA				8	8	7⅞	8	+⅛
9⅜	4⅞	AM Intl				629	7¾	7⅜	7¾	
62⅛	47¼	AMR			12	1536	59¾	59	59⅛	⅛
27½	24⅞	ANR pf	2.67	10.		1	25¾	25⅜	25¾	
11¾	8	ARX s			12	265	10⅞	10½	10⅞	+¼
73½	28¾	ASA	2a	3.5		719	58½	57¼	57¼	1½
20	9¾	AVX		1.9	86	126	17½	17⅛	17⅛	⅜
67	41	AbtLab	1	1.5	27	5105	65⅝	64¾	65⅛	⅛
25⅛	16⅝	AccoWs	.44	1.9	21	210	24	23½	23½	⅛
15⅞	9	AcmeC	.40	3.0	10	168	13⅜	13¼	13⅜	
8⅜	6⅛	AcmeE	.32b	4.2	29	6	7⅞	7⅝	7⅝	-⅛
23⅞	19	AdaEx	3.42e	16.		338	22	21½	22	
19½	11⅜	AdmMl s	.24	1.4	12	96	16⅞	16⅝	16⅝	+⅜
23⅝	12⅛	AdvSys	.52t	2.6	17	345	23⅝	23⅜	23½	
24½	12⅞	AMD				3184	20	19¾	19⅞	
54¾	49⅝	AMD pf	3	6.0		1671	50¼	50¼	50¼	-1
10¾	5¼	Adobe				367	9⅛	8⅞	9⅛	+¼
20½	13¾	Adob pf	[illegible]	9.7		12	19	18¾	19	+¼
21⅞	16⅝	Adob pf	2.40	12.		44	20⅝	20⅝	20⅝	
16⅛	10⅝	Advest	.12e	.9	8	163	12¾	12⅝	[illegible]	+⅛
68¼	53	AetnLf	2.76	4.7	9	7719	60¾	59	59⅛	1⅝
64½	26½	AflPb s	.32	.5	33	239	63	62	62⅞	⅛
28¾	16⅝	Ahmans	.88	4.2	6	3037	21¼	21	21⅛	
5⅝	2⅞	Aileen				28	4⅜	4¼	4⅜	+⅛
49⅛	29⅛	AirPrd	1	2.1	26	1500	47⅞	47⅛	47¾	-⅜
35	16	AirbFrt	.60	1.8	13	536	33⅝	33	[illegible]	-½
12	7⅜	Airgas n			20	389	u12⅜	11⅜	12	+⅞

Continued on Page 39

NYSE COMPOSITE CLOSING PRICES

Continued from Page 38

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
16½	10½	SeaC	ptB2.10	13.		27	16⅛	16	16⅛	+⅛
16½	9¾	SeaC	ptC2.10	13.		34	16¼	16	16⅛	+⅛
51¼	34½	SeaC	ptD4.12	9.0		56	45⅝	45⅝	45⅝	

U U U

44½	18	UCCEL			38	1194	42⅞	40⅞	42⅞	+⅝

X Y Z

81⅞	49⅝	Xerox	3	3.8	19	3594	79¾	78¼	79¾	+1¼
58¼	54⅜	Xerox pf5.45		10.		10	55	54¾	54¾	
28¾	27½	XTRA	.64	2.4		676	26⅛	25⅞	26⅛	+⅛
26½	15	Yorkin			17	141	26½	25¾	26¼	
6	2¼	Zapata				1570	4⅝	4¼	4½	−⅛
43⅞	20¾	Zayre	.40	1.4	19	4326	29⅜	28⅜	29¼	+¼
14¾	9¾	Zemex	.40	3.2	8	5	12⅝	12⅝	12⅝	−⅛
29¾	16⅞	ZenithE				1577	28¼	27⅞	28¼	
17½	8	ZenLab				2299	11½	10¾	10⅞	−⅝
19½	12⅝	Zero	.36	2.2	17	827	16¼	15⅞	16¼	+⅛
52½	32⅝	Zurn	1.36	2.7	18	610	51¼	50½	50⅝	−⅛
10⅝	8¼	Zweig n.10e		1.1		1241	9¼	9	9¼	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Closing prices, June 19

OVER-THE-COUNTER

Nasdaq national market, Closing prices, June 19

Continued on Page 37

FOREIGN EXCHANGES

Sterling still left out in the cold

THE IDEA that foreign investors would fall over themselves to buy sterling after the general election remains just an idea. If a currency is expected to do something, then that should be sufficient warning for most that it probably will not. Participation from overseas has not materialised in the way that not so logical post election euphoria once insisted it should have done. Whether this is because investors from Japan for instance are just providing sufficient rope so that they can move in at a lower level is debateable.

Looking at the performance of sterling since before the election, it is evident that most of the carefully laid predictions have been upset by a temporary bout of demand for the dollar. The pound hardly moved against its EMS partners until Friday afternoon when the damage had already been done for at its low point the pound was down nearly five cents against the dollar.

Last week's conomic statistics provided a further psychological blow but at the same time virtually ruled out an early cut in clearing bank base rates. But money supply aside, the record fall in unemployment and pace of economic growth may just yet see a revival in sterling's fortunes.

Early on Friday the pound showed some signs of recovery but Thursday's money supply figures, seen in a bad light, effectively reversed the trend.

While bank lending was a little higher than expected, the series of figures was erratic according to stockbrokers James Capel. They also pointed out that the three-month average on bank lending was still only £2.1bn compared with an average of 2.6bn in the previous six months.

While money supply figures are currently capable of altering sentiment, the other key economic statistic at the moment, is due for release on Thursday. UK trade figures delivered a pleasant surprise last time through a current account surplus of £98m. This had not been expected.

This time County NatWest see a visible trade deficit of £650m and with invisibles remaining constant at £600m, a current account deficit of £50m. Salomon Brothers go for a £600m visible deficit and flat on the current account while Morgan Grenfell are suggesting a £517m visible shortfall but a current account surplus of £117m, indicating a small upward revision in invisibles.

The dollar's rise was started off by the release last Friday week of US trade and inflation figures which the market interpreted as being mildly bullish. There were also various comments by Japanese officials claiming that the dollar and reached its lowest level.

However the disincentive to try to push the dollar lower was not perfectly transferred to an attempt to move firmer because the dollar soon found resistance around the DM 1.8250 level and without economic statistics of any note to provide added stimulus, the latter part of the week saw the US unit content to sit in a relatively narrow range.

Currently no one is too sure about whether the dollar has actually bottomed out while on the economic front there is little to suggest that the ills a lower dollar was supposed to alleviate have yet been cured. The compromise, a dollar moving within a relatively narrow range, will be novel and for speculators will be uncomfortable to live with.

£ IN NEW YORK

June 19	Close	Previous Close
£ Spot	1.6100-1.6120	1.6290-1.6300
1 month	0.24-0.25pm	0.24-0.23 pm
3 months	0.83-0.80 pm	0.70-0.67 pm
12 months	2.58-2.48 pm	2.10-2.00 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	June 19	Previous
8.30 am	72.9	73.0
9.00 am	72.9	73.0
10.00 am	72.9	73.0
11.00 am	72.7	73.0
Noon	72.8	73.0
1.00 pm	72.6	73.0
2.00 pm	72.4	72.9
3.00 pm	72.3	72.9
4.00 pm	72.5	72.7

CURRENCY RATES

June 19	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.78874	0.700075
U.S. Dollar	5.5	1.2849	1.13517
Canadian $	7.90	*	1.51988
Austrian Sch.	4	N/A	14.5688
Belgian Franc	7¾	"	43.0117
Danish Krone	7	"	7.80431
Deutsche Mark	3.0	2.3433	2.07509
Neth. Guilder	4½	N/A	2.33766
French Franc	9½	7.8299	6.93023
Italian Lira	11.5	N/A	1500.13
Japanese Yen	2½	185.79	164.430
Norway Krone	8	N/A	7.63403
Spanish Peseta	—	"	143.713
Swedish Krona	7½	"	7.21402
Swiss Franc	3.5	"	1.72376
Greek Drach.	20½	"	155.019
Irish Punt	—	"	0.774861

*C$/SDR rate for June 18: 1.72435

CURRENCY MOVEMENTS

June 19	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.5	−21.2
U.S. Dollar	102.2	−4.9
Canadian Dollar	77.4	−11.1
Austrian Schilling	137.6	+10.2
Belgian Franc	99.9	−4.4
Danish Krone	92.9	+3.4
Deutsche Mark	146.5	+21.5
Swiss Franc	171.9	+22.3
Guilder	134.8	+14.3
French Franc	71.4	−13.0
Lira	47.2	−18.2
Yen	220.5	+64.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

June 19	£	$
Argentina	2.7750-2.7885	1.7150-1.7220
Australia	2.2410-2.2440	1.3850-1.3860
Brazil	67.9600-68.3500	42.0000-42.2100
Finland	7.1595-7.1805	4.4340-4.4360
Greece	220.90-224.80	135.20-137.55
Hong Kong	12.6240-12.6360	7.8065-7.8075
Iran	117.40*	71.00*
Korea (Sth)	1316.25-1328.15	809.30-815.90
Kuwait	0.45570-0.45620	0.28155-0.28160
Luxembourg	61.20-61.30	37.85-37.95
Malaysia	4.0665-4.0705	2.5140-2.5150
Mexico	2123.45-2145.55	1312.00-1325.00
N. Zealand	2.7155-2.7205	1.6785-1.6805
Saudi Ar.	6.0695-6.0750	3.7500-3.7510
Singapore	3.4275-3.4310	2.1190-2.1200
S. Af. (Cm)	3.2590-3.2740	2.0160-2.0200
S. Af. (Fn)	5.3510-5.5335	3.3060-3.4190
Taiwan	50.65-50.85	31.05-31.15
U.A.E.	5.9435-5.9495	3.6725-3.6735

*Selling rate

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.6160	1.6136	1.6079	1.6018	1.5920
D-mark	2.9575	2.9451	2.9178	2.8815	2.8117
French Fr.	9.8725	9.8669	9.8528	9.8459	9.8407
Swiss Fr.	2.4550	2.4467	2.4243	2.3935	2.3321
Yen	234.50	233.51	231.38	228.57	222.90

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu June 19	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0117	+1.30	+0.73	±1.5344
Danish Krone	7.85212	7.80431	−0.61	−1.18	±1.6404
German D-Mark	2.05853	2.07509	+0.80	+0.23	±1.0981
French Franc	6.90403	6.93023	+0.38	−0.19	±1.3674
Dutch Guilder	2.31943	2.33766	+0.79	+0.22	±1.5012
Irish Punt	0.768411	0.774861	+0.84	+0.27	±1.6684
Italian Lira	1483.58	1500.13	+1.12	+1.04	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 19	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.616	2.958	234.5	9.873	2.455	3.330	2138.	2.167	61.25
$	0.619	1.	1.830	145.1	6.110	1.520	2.061	1323.	1.341	37.90
DM	0.338	0.546	1.	79.29	3.338	0.830	1.126	722.9	0.733	20.71
YEN	4.264	6.891	12.61	1000.	42.10	10.47	14.20	9117.	9.239	261.2
F Fr.	1.013	1.637	2.996	237.5	10.	2.487	3.373	2166.	2.194	62.04
S Fr.	0.407	0.658	1.205	95.52	4.021	1.	1.356	870.9	0.882	24.95
H Fl.	0.300	0.485	0.888	70.42	2.965	0.737	1.	642.0	0.651	18.39
Lira	0.468	0.756	1.383	109.7	4.618	1.148	1.558	1000.	1.013	28.65
C $	0.462	0.746	1.365	108.2	4.557	1.133	1.537	986.8	1.	28.17
B Fr.	1.633	2.638	4.829	382.9	16.12	4.000	5.437	3491.	3.537	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

EURO-CURRENCY INTEREST RATES

June 19	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	8½-8⅝	8½-8⅝	8⅞-9	9⅛-9¼	9¼-9⅜	9½-9⅝
U.S. Dollar	6⅝-6⅞	6¾-6⅞	7-7⅛	7⅛-7¼	7⅛-7¼	7⅜-7½
Can. Dollar	8-8¼	8-8¼	8¼-8½	8⅜-8⅝	8½-8¾	8¾-9
D. Guilder	5⅛-5¼	5⅛-5¼	5¼-5⅜	5⅜-5½	5⅜-5½	5⅜-5½
Sw. Franc	3⅝-3⅞	2½-2¾	4⅛-4¼	4⅛-4¼	3⅞-4⅛	3⅞-4⅛
Deutschmark	3⅝-3¾	3½-3⅝	3¾-3⅞	3⅝-3¾	3⅝-3⅞	3¾-3⅞
Fr. Franc	7⅝-7¾	7⅞-8	8⅛-8⅜	8⅜-8½	8½-8⅝	8⅞-9
Italian Lira	9-11	9⅝-9⅞	9⅞-10⅛	9⅞-10⅛	10-10¼	10⅛-10⅜
B. Fr. (Fin.)	6⅛-6⅞	6⅛-6⅞	6⅜-6⅝	6½-6⅞	6⅞-7	7-7⅛
B. Fr. (Con.)	6¼-6⅝	6¼-6⅝	6½-6⅞	6⅞-7	6⅞-7	6⅞-7¼
Yen	4⅛-4¼	4-4⅛	3⅞-4	3⅞-4	3⅞-4⅛	4-4⅛
D. Krone	9⅝-9⅞	9⅝-9⅞	9¾-9⅞	9¾-9⅞	9⅝-9⅞	9¾-10¼
Asian $Sing	¼-½	N/A	4⅛-4⅜	4¼-4⅜	4½-4⅝	4⅝-4¾

Long-term Eurodollars: Two years 8-8⅛ per cent; three years 8¼-8½ per cent; four years 8½-8⅝ per cent; five years — per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT—FORWARD AGAINST THE POUND

June 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6140-1.6365	1.6155-1.6165	0.26-0.23c pm	1.82	0.84-0.78 pm	2.00
Canada	2.1623-2.1905	2.1660-2.1670	0.14-0.01c pm	0.42	0.44-0.27 pm	0.66
Netherlands	3.32¼-3.35¼	3.32½-3.33½	1⅛-⅞c pm	3.60	3¼-2⅞ pm	3.60
Belgium	61.16-61.77	61.20-61.30	15-8c pm	−2.25	41-30 pm	−2.32
Denmark	11.09½-11.20¼	11.11¾-11.12¾	⅜-⅞ore dis	−0.67	1⅛-2⅛ dis	−0.61
Ireland	1.1080-1.1170	1.1095-1.1105	0.08-0.18 p dis	−1.41	0.30-0.50 dis	−1.44
W. Germany	2.95-2.98	2.95¼-2.96¼	1⅛-1⅛pf pm	5.07	3⅞-3⅝ pm	5.07
Portugal	228.85-232.28	229.00-230.00	101-147c dis	−6.48	338-428 dis	−6.68
Spain	204.45-206.40	204.50-204.80	58-116c dis	−5.10	161-327 dis	−4.77
Italy	2132¼-2156½	2137½-2138½	1-4 lire dis	−1.40	3-10 dis	−1.22
Norway	10.85½-10.95¼	10.88-10.89	4½-5 ore dis	−5.10	14½-14⅞ dis	−5.33
France	9.85¾-9.95¾	9.86¾-9.87¾	⅞-⅛ c pm	0.68	1⅝-⅛ pm	0.48
Sweden	10.28¼-10.37¼	10.29¾-10.30¾	½-⅛ ore pm	0.44	⅛ pm-⅛ dis	0.02
Japan	233⅞-236⅛	234-235	1⅛-⅞ y pm	5.12	3⅛-2⅞ pm	5.12
Austria	20.75-20.91	20.76-20.79	8⅞-7⅞ gro pm	4.79	25⅛-22¼ pm	4.63
Switzerland	2.45-2.47¼	2.45-2.46	1-⅞c pm	4.28	3⅛-2⅞ pm	4.79

Belgian rate is for convertible francs. Financial franc 61.35-61.45. Six-month forward dollar 1.47-1.37 c pm. 12-month 2.50-2.30c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

June 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6140-1.6365	1.6155-1.6165	0.26-0.23c pm	1.82	0.84-0.78 pm	2.00
Ireland†	1.4625-1.4706	1.4625-1.4635	0.41-0.36c pm	3.15	1.20-1.08 pm	3.11
Canada	1.3375-1.3404	1.3385-1.3395	0.13-0.18c dis	−1.39	0.43-0.48dis	−1.36
Netherlands	2.0500-2.0615	2.0605-2.0615	0.33-0.30c pm	1.84	0.99-0.94 pm	1.88
Belgium	37.73-37.95	37.85-37.95	3pm-par	0.48	8-3 pm	0.58
Denmark	6.84½-6.88½	6.88-6.88½	1.00-1.70ore dis	−2.36	3.25-3.95 dis	−2.10
W. Germany	1.8195-1.8305	1.8290-1.8300	0.51-0.48pf pm	3.26	1.57-1.52pm	3.39
Portugal	142-142¾	142½-142¾	85-110c dis	−8.24	270-320 dis	−8.31
Spain	126.26-126.71	126.60-126.70	50-100c dis	−7.12	150-250 dis	−6.33
Italy	1317-1324	1322¾-1323¾	2.80-3.80lire dis	−3.00	8.00-11.00 dis	−2.88
Norway	6.69¾-6.73¾	6.73¼-6.73¾	3.55-4.05ore dis	−6.80	11.55-12.05dis	−7.04
France	6.08-6.11½	6.10¾-6.11¼	0.50-0.65c dis	−1.13	1.70-2.00 dis	−1.22
Sweden	6.34-6.37¾	6.37¼-6.37¾	0.55-0.85ore dis	−1.32	2.50-2.90 dis	−1.70
Japan	144.25-145.10	145.00-145.10	0.41-0.38y pm	3.28	1.23-1.18 pm	3.33
Austria	12.79-12.85¼	12.84-12.84½	3.40-3.00gro pm	2.26	10.00-9.00 pm	2.97
Switzerland	1.5100-1.5220	1.5195-1.5205	0.31-0.26c pm	2.26	1.17-1.12 pm	3.02

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.95-38.05. Correction for June 19 UK close 1.6290-1.6300

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
118	6.40	7.26	0.20	1.12
120	4.62	5.62	0.42	1.48
122	3.33	4.46	1.13	2.32
124	2.19	3.40	1.63	3.26
126	1.30	2.47	3.10	4.33
128	0.56	2.00	4.36	5.50
130	0.31	1.27	6.11	7.13
132	0.16	1.00	7.60	8.50

Estimated volume total, Calls 3,462 Puts 2,921
Previous day's open int: Calls 23,052 Puts 14,426

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
84	8.39	8.01	0.07	0.29
86	6.49	6.24	0.17	0.52
88	5.04	4.58	0.36	1.22
90	3.38	3.42	1.06	2.06
92	2.17	2.40	1.49	3.04
94	1.20	1.52	2.52	4.16
96	0.46	1.13	4.14	5.41
98	0.23	0.49	5.55	7.13

Estimated volume total, Calls 176 Puts 72
Previous day's open int: Calls 1539 Puts 546

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last July	Puts—Last June	Puts—Last July
22000	8.29	14.51	0.09	1.11
22250	5.99	12.48	0.29	1.58
22500	3.95	10.60	0.75	2.20
22750	2.45	8.80	1.75	2.90
23000	1.45	7.20	3.25	3.80
23250	0.72	5.82	5.02	4.92
23500	0.32	4.62	7.12	6.22
23750	0.12	3.61	9.42	7.71

Estimated volume total, Calls 36 Puts 17
Previous day's open int: Calls 526 Puts 704

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last July	Aug.	Sep.	Dec.	Puts—Last July	Aug.	Sept.	Dec.
1.45	—	—	16.95	16.95	—	—	0.04	0.50
1.50	11.95	11.95	11.95	11.95	0.02	0.08	0.24	1.23
1.55	6.98	6.96	7.15	8.12	0.22	0.51	0.94	2.55
1.60	2.53	3.35	3.80	5.20	0.77	1.90	2.59	4.63
1.65	0.53	1.25	1.70	3.08	3.77	4.80	5.49	7.51
1.70	0.04	0.33	0.61	1.68	8.28	8.88	9.40	11.11
1.75	0.00	0.06	0.18	0.85	13.24	13.61	13.97	15.28

Estimated volume total, Calls 10 Puts 0
Previous day's open int, Calls 659 Puts 1724

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last July	Aug.	Sept.	Dec.	Puts—Last July	Aug.	Sept.	Dec.
1.45	—	—	12.70	12.90	—	—	1.50	2.70
1.50	16.60	16.60	16.60	16.60	0.35	0.35	0.50	1.15
1.55	7.30	7.70	9.65	9.55	0.35	0.85	1.00	1.60
1.60	3.10	3.90	5.95	6.40	1.20	2.20	1.95	4.15
1.65	0.75	1.70	3.25	5.95	3.90	4.95	4.35	6.50
1.70	0.25	0.70	1.50	3.90	8.30	9.00	6.70	9.60
1.75	0.20	0.60	0.85	2.50	11.40	9.85	10.90	13.25

Previous day's open int: Calls 1,932 Puts 365
Volume: 24

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last July	Aug.	Sept.	Dec.	Puts—Last July	Aug.	Sept.	Dec.
1.600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.625	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.650	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.675	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.700	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.725	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.750	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Previous day's open int: Calls N/A Puts N/A
Previous day's volume, Calls N/A Puts N/A

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Sept.	Dec.	Mar.	June	Puts—Last Sept.	Dec.	Mar.	June
91.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
92.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
92.25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
92.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
92.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
93.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Previous day's open int: Calls 1,551 Puts 1,764
Estimated volume, Calls 98 Puts 225

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]
Previous day's open int. [illegible]

US TREASURY BOND FUTURES
$100,000 64ths of 100%

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume [illegible]
Previous day's open int. [illegible]

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume [illegible]
Previous day's open int. [illegible]

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]
Previous day's open int. [illegible]

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]
Previous day's open int. [illegible]

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]
Previous day's open int. [illegible]

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6160	1.6136	1.6079	1.6018	1.5920

IMM—STERLING $ per £

	Close	High	Low	Prev
Sept.	1.6040	1.6155	1.6025	1.6225
Dec.	1.5965	1.6070	1.5950	1.6165
Mar.	1.5925	1.5980	1.5900	1.6125

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept.	1.6121	1.6201	1.6092	1.6226
Dec.	1.6057	—	—	1.6167
Mar.	1.6010	—	—	1.6135

Estimated volume 160 (2)
Previous day's open int 837 (839)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Close	High	Low	Prev.
Sep.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Close	High	Low	Prev.
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]
Jun.	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Close	High	Low	Prev.
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Close	High	Low	Prev.
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]

STANDARD & POORS 500 INDEX
$500 times index

	Close	High	Low	Prev.
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

MONEY MARKETS

Post election blues sets in

THE IMMEDIATE post election question about the choice between lower interest rates or higher sterling has, at least for the first week, been solved, the answer being neither. Thursday's bank lending provided the ideal excuse to sell gilts, boost cash rates and have a swipe at sterling.

It is hard to imagine all this emanating from one set of figures, well known for their erratic nature. It seems that the big rush into sterling which has so far displayed all the hall marks of a jumble sale in January, has prompted many investors to reduce their load.

UK clearing bank base lending rate 9 per cent since May 8

Others will add that with the economy expanding in some quarters, the authorities are not likely to rush into any additional cuts in base rates. Strange words like overheating and inflation are premature but have been heard on more than one occasion over the past week.

So where has all the bullish tone from two weeks ago disappeared to. With hindsight it would appear that sentiment was becoming just a little too frothy and that interest rates last thing on Friday were nearer than they have been recently, to levels that would have prevailed, had an election not been called.

A few believe that further cuts in rates this summer are achievable. Again much will depend on the performance of sterling and last week's relatively modest upward shift by the dollar has shown just how sensitive the market is to the pound's performance.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 19) 3 months U.S. dollars		6 months U.S. dollars	
bid 7⅛	offer 7¼	bid 7 3/16	offer 7 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

BANK OF ENGLAND TREASURY BILL TENDER

	June 19	June 12		June 19	June 12
Bills on offer	£400m	£400m	Top accepted rate of discount	8.7239%	8.4431%
Total of applications	£1,844m	£1,086m	Average rate of discount	8.6232%	8.3953%
Total allocated	£400m	£400m	Average yield	8.81%	8.57%
Minimum accepted bid	£97.825	£97.895	Amount on offer at next tender	£400m	£400m
Allotment at minimum level	20%	53%			

WEEKLY CHANGE IN WORLD INTEREST RATES

LONDON	June 19	change
Base rates	9	Unch'd
7 day interbank	8¾	−½
3-month interbank	9	+⅛
Treasury Bill Tender	8.6232	+0.2299
Band 1 Bills	8⅞	Unch'd
Band 2 Bills	8⅞	Unch'd
Band 3 Bills	—	—
Band 4 Bills	—	—
3 Mth. Treasury Bill	8 11/16	+⅛
1 Mth. Bank Bills	8⅞	+¼
3 Mth. Bank Bills	8 11/16	+½
TOKYO		
One month Bills	3.59375	−0.0625
Three month Bills	3.71875	+0.0625
BRUSSELS		
One month	6 11/16	−⅛
Three month	6¾	−⅛
AMSTERDAM		
One month	5¼	+1/16
Three month	5¼	+1/16

NEW YORK	June 19	change
Prime rates	8¼	Unch'd
Federal Funds	6⅝	Unch'd
3 Mth. Treasury Bills	5.81	+0.09
6 Mth. Treasury Bills	6.18	+0.03
3 Mth. C D	6.94	−0.01
FRANKFURT		
Lombard	5.0	Unch'd
One mth. Interbank	3.65	+0.35
Three month	3.675	+0.05
PARIS		
Intervention Rate	7¾	Unch'd
One mth. Interbank	8⅛	−⅛
Three month	8¼	−⅛
MILAN		
One month	11¼	+¼
Three month	11	+⅛
DUBLIN		
One month	10½	−⅝
Three month	10½	−¼

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, band 3 bills 34 to 63 days and band 4 bills 64 to 91 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week

MONEY RATES

NEW YORK (4pm)

		Treasury Bills and Bonds			
		One month	N/A	Three year	7.66
		Two month	N/A	Four year	7.80
Prime rate	8¼	Three month	5.82	Five year	7.89
Broker loan rate	8	Six month	6.19	Seven year	8.14
Fed. funds	6⅝	One year	6.68	10 year	8.31
Fed funds at intervention	6¾	Two year	7.44	30 year	8.48

June 19	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.25-3.35	3.55-3.65	3.55-3.70	3.55-3.70	3.60-3.75	5.0
Paris	7 13/16-7 15/16	8 1/16-8 3/16	8⅛-8 5/16	8 3/16-8 5/16	8½-8½	7¾
Zurich	⅞-1⅛	4⅛-4⅞	—	4-4¼	—	—
Amsterdam	5¼-5 5/16	5 3/16-5 5/16	—	5 3/16-5 5/16	—	—
Tokyo	3.09375	3.59375	—	3.71875	—	—
Milan	10⅝-11⅛	10⅞-11⅜	—	10⅞-11⅛	—	—
Brussels	8.05	6⅝-6¾	—	6 11/16-6 13/16	—	—
Dublin	9¾-10	10 5/16-10 7/16	10 5/16-10 7/16	10 5/16-10 7/16	10½-10⅝	—

LONDON MONEY RATES

June 19	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10—8¾	8⅞-8⅝	9-8 13/16	9⅛-8⅞	9 3/16-9	9⅜-9⅛
Sterling CDs.	—	—	8⅞-8 13/16	8 13/16-8 11/16	9⅛-9	9 5/16-9 3/16
Local Authority Deposits	8⅝	8⅝	8¾	8⅞	9	9⅛
Local Authority Bonds	—	—	9	8 13/16	9	9 3/16
Discount M'ket Deposits	9½-8¾	8¾	8 13/16	8⅞	—	—
Company Deposits	—	—	9-8⅞	9⅛	9¼	9¼
Finance House Deposits	—	—	8 13/16	8 13/16	9	9⅛
Treasury Bills (Buy)	—	—	8 11/16	8 13/16	—	—
Bank Bills (Buy)	—	—	8⅞	8 11/16	8 11/16	—
Fine Trade Bills (Buy)	—	—	9½	9 3/16	9 3/16	—
Dollar CDs	—	—	7.10-7.05	7.15-7.00	7.30-7.25	7.70-7.65
SDR Linked Deposits	—	—	6 1/16-5 13/16	6⅛-5⅞	6¼-6	6½-6¼
ECU Linked Deposits	—	—	6 11/16-6 9/16	6¾-6⅝	6 13/16-6 11/16	7 1/16-6 15/16

Treasury Bills (sell); one-month 8 11/16 per cent; three-months 8 11/16 per cent; Bank Bills (sell): one-month 8 13/16 per cent; three months 8 11/16 per cent; Treasury Bills; Average tender rate of discount 8.6232 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 29, 1987. Agreed rates for period June 24 to July 25, 1987, Scheme I: 10.54 p.c., Schemes II & III: 10.12 p.c. Reference rate for period May 1 to May 29, 1987, Scheme IV: 8.873 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9½ per cent from June 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¼ per cent; three-six months 8½ per cent; six-nine months 8⅝ per cent; nine-12 months 8⅝ per cent; Under £100,000 8 per cent from June 17, Deposits withdrawn for cash 5 per cent.

Austria	Sch 22	Indonesia	Rp 3100	Portugal	Esc 100
Bahrain	Din 0.650	Israel	NS 3.50	S. Arabia	Rls 6.00
Belgium	BFr 48	Italy	L 1600	Singapore	S$ 4.10
Canada	C$1.00	Japan	Y600	Spain	Pta 125
Cyprus	C£0.75	Jordan	Fils 500	Sri Lanka	Rup 30
Denmark	DKr 9.00	Kuwait	Fils 500	Sweden	SKr 8.00
Egypt	E£2.25	Lebanon	£L 50.00	Switzerland	SFr 2.20
Finland	Fmk 7.00	Luxembourg	LFr 48	Taiwan	NT $85
France	FFr 6.50	Malaysia	Rm 4.75	Thailand	Bht 50
Germany	DM 2.20	Mexico	Pes. 300	Tunisia	Din 0.800
Greece	Dr 100	Morocco	Dh 6.00	Turkey	L 500
Hong Kong	HK$ 12	Netherlands	Fl 3.00	U.A.E.	Dh 6.50
India	Rup. 15	Norway	NKr. 7.00	U.S.A.	$1.00

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,266 — Tuesday June 23 1987 — D 8523 A

Saharan sands shift towards fertile ground, Page 24

World news — Business summary

Iran sets up missile threat to Kuwait

Iran began deploying Chinese-supplied Silkworm missiles on the Fao peninsula at the northern end of the Gulf, Western officials in Kuwait said.

The missiles, with a range of about 50 miles, pose a threat to Kuwait and its oil installations which would be well within their range. Page 24

Beirut battles

Street battles erupted in Beirut's southern suburbs where some of the 29 foreigners missing in Lebanon are believed held by kidnappers.

Kohl veto

Chancellor Helmut Kohl vetoed the extradition to the US of a Lebanese hijack suspect whose friends are holding two West Germans hostage in Beirut.

Bonn criticised

East Germany attacked West Germany's decision to keep 72 Pershing 1-A missiles out of a US-Soviet arms deal, accusing Bonn of wanting to maintain the threat they posed to Eastern Europe.

Italian strikes loom

Italian union officials warned of forthcoming strikes by rail workers and airline pilots. Petrol pump attendants were also considering a 48-hour strike and workers on ferries linking Italy to Sardina were already on a four-day strike.

Nato membership

President Kenan Evren said Turkey might review its Nato membership in light of a European Parliament resolution recognising Armenian claims of genocide against them.

Fiji emergency

Fiji's interim government will commandeer about 100 Indian-owned trucks – under an emergency decree – in an effort to get the country's sugar cane harvest underway.

Gurkha peace offer

Militant Gurkhas fired at police and set fire to a municipal building near Darjeeling but offered to call off their violent campaign for statehood in north-east India if police released one of their leaders.

Jobs protest

Thousands of West German steel workers staged demonstrations in several industrial centres to protest against big lay-offs in the Ruhr region.

N-weapon 'essential'

Libyan leader Muammar Gadaffi said the Arabs should have a nuclear bomb to gain the respect it gave China. He said the bomb was essential as a defensive weapon and Arab states should be prepared to use it if their existence was threatened.

AIDS test developed

A Swedish research team said it had developed a new AIDS test which was 100 per cent reliable and could eventually lead to discovery of an anti-AIDS vaccine.

New Contra base

US-backed Nicaraguan rebels had set up a base in the eastern jungles of Hondoras and about 400 commandos were being trained there, a newspaper in Tegucigalpa reported.

Fred Astaire dies

Fred Astaire, whose dancing style made him a legend on the screen, died in hospital aged 88.

Straw sausages

A Danish company has developed a way of processing the country's surplus straw by feeding it to humans as healthy stuffing for sausages and bread.

TSB buys life group for £220m agreed bid

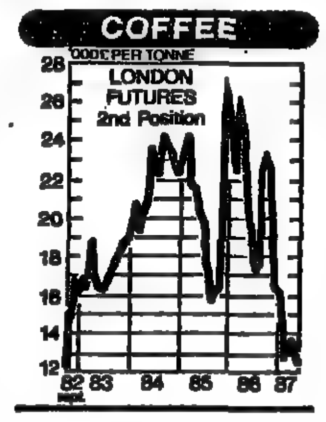
TSB, UK financial services group, made a £220m ($358m) agreed bid for Target, the unlisted life company, in what is the first major acquisition since its £1.5bn stockmarket flotation last September. Page 25

MOBIL OIL AG, West German subsidiary of Mobil of the US, forecast lower profits for 1987 after earnings last year fell DM 230m ($127m) from DM 352m in 1985.

WALL STREET share prices closed at record levels for the fifth session in a row. The Dow Jones Industrial Average rose 24.66 points to 2,445.51 on moderately heavy volume. Page 46

DOLLAR rose in London to DM 1.8400 (DM 1.8295); to Y145.80 (Y145.05); to SFr 1.5290 (SFr 1.5200); and to FFr 6.1350 (FFr 6.11). On Bank of England figures the dollar's exchange rate index rose 0.3 to 102.5. Page 39

STERLING fell in London to $1.5945 ($1.6160); to DM 2.9350 (DM 2.9575); to Y232.50 (Y234.5); to SFr 2.4375 (SFr 2.4550); and to FFr 9.7825 (FFr 9.8725). The pound's exchange rate index fell to 71.8 (72.2). Page 39.



COFFEE prices on the London future's market resumed their downward course. September coffee ended at £1,242.50 a tonne – down £14 on the day. Commodities, Page 34.

TOKYO: Small-lot selling of a range of stocks, some high-technology issues excepted, led share prices into their third biggest ever daily fall. The Nikkei average lost 647.77 to 24,640.35. Page 46

LONDON: Nervousness over the direction of interest rates and fears of a rise in inflation sent equity prices sharply lower. The FT-SE 100 index fell 21.5 to 2,244.6 and the FT Ordinary index lost 21.3 to 1,737.0. Details, Page 42

GOLD fell on the London bullion market to close at $438.00 ($449.50). It also fell in Zurich to $438.75 ($448.85). Page 38

MOULINEX, troubled French kitchen equipment producer, has revised its forecasts for this year's results downwards to a loss of FFr 41.7m, after earlier predicting that it would break even. Page 25

AIRLINES: SAS, Lufthansa, Air France and Iberia agreed to set up a joint computerised distribution system in Europe. Page 2

NEGOTIATIONS are in the final stages between Bank Nagara, Malaysian central bank, and the Sabah government on a rescue package for the state-owned Sabah Bank. Page 28

HUNGARIANS are preparing for fiscal upheaval as the country prepares to introduce value-added-tax and other Western-style taxation. Page 3

SPORTS TOTO, Malaysian government-controlled lottery organisation, is to gain a listing on the Kuala Lumpur Stock Exchange, with a public offer of 5.25m shares. Page 28.

AMERICAN BRANDS, diversified tobacco, liquor and consumer products company, is buying Acco World Corp, leading supplier of office products, in a merger worth $602m, or $29 per Acco share. Page 25

JAPANESE securities houses are seeking to impose a set of limitations on the proposed over-the-counter sales of government bonds by life insurance companies.

FT's landmark headquarters sold to Japanese group

BY PAUL CHEESERIGHT IN LONDON

PEARSON, owner of the Financial Times, has sold Bracken House, the newspaper's London headquarters, to Ohbayashi Corporation, the Japanese construction group, for £143m ($233m) cash.

Ohbayashi's purchase of one of the most prestigious sites in the City of London is part of the build-up of sterling property assets by major Japanese groups.

The build-up is part of a broader property offensive by the Japanese which, so far, has concentrated on the Pacific Basin and on the US where, last year alone, the Japanese spent about $4bn. This year US property purchases by Japan are likely to exceed $6bn.

The spending surge is a result of dollar and sterling assets for the Japanese whose trade surplus helped make them the world's biggest net creditor in 1985.

The price paid by Ohbayashi establishes a new level for spiralling property values in the City of London.

It is believed to be the biggest single Japanese property investment in the UK. Further, "in terms of a property offering development potential without a planning consent, this must be one of the biggest deals the City has ever seen," said Mr Michael Stephens of St Quentin, the surveyors advising Pearson.

Ohbayashi is one of the six Japanese construction companies with an annual turnover of more than £3.5bn. The purchase of Bracken House is its first major British venture.

The prospect of a fresh cash infusion immediately lifted the share price of Pearson, which closed 8p higher at 670p in London yesterday. Pearson has spasmodically been the subject of takeover speculation.

The group will use net gains from the sale to finance further expansion. Indeed, yesterday, its US arm announced that it was bidding $28 a share for the 34.6 per cent of the equity in Camco, a US oil services company, it does not already own. The cost would be $70.7m.

The contract between Pearson and Ohbayashi is conditional on the early redemption of Pearson first mortgage debenture stocks with a nominal value of £5.2m. However, the group expects the sale to be completed within a month.

Pearson had rejected the possibility of refurbishing Bracken House in favour of redevelopment at a cost of about £40m and had been running an architectural competition to find a suitable design until it received offers for the building from Ohbayashi and three other contenders for the site.

The Financial Times has a lease on the building until the end of 1989, and can remain in it rent-free until the end of 1988. The company is launching a search for new premises either in the City or as near to it as possible. It is in the middle of a £70m development programme involving a new printing works in London Docklands, outside the centre of London, and the introduction of computer technology.

Ohbayashi is expected to continue where Pearson left off and seek planning consent to redevelop Bracken House for a financial institution.

Ian Rodger reports from Tokyo: Ohbayashi-Gumi, one of the top five civil engineering group in Japan, is a typical Osaka-based company – very conservative. The Japanese have an expression for companies like this, which might translate as,

"Even when they see a bridge made of stone, they tap it first with a stick to make sure that it is safe."

Ohbayashi should know. It is a company that builds bridges.

The company is not known as a property developer. In the year to March, 1986, property operations accounted for only 4 per cent of turnover.

Analysis, Page 9

South Korean leader concedes meeting with opposition chief

BY MAGGIE FORD IN SEOUL

PRESIDENT Chun Doo Hwan, the South Korean ruler who has faced 12 days of violent protests against his government, yesterday offered his first concession to the people's strongly – expressed wish for democratic change.

Responding to the pleas of his ruling Democratic Justice Party, he agreed on an unprecedented meeting with Mr Kim Young Sam, one of the country's two main opposition leaders.

The beleaguered President was apparently persuaded to relent on his hard line stance by Mr Roh Tae Woo, deputy leader of the party, who has distanced himself from the president since the demonstrations began.

Mr Roh presented a package of measures to Mr Chun including an immediate return to attempts to revise the constitution, a referendum if the attempts fail and the release of detainees.

The package appeared to meet the minimum demands of the opposition. A full reply is expected later this week after Mr Chun has consulted a number of respected South Korean leaders about their views.

Further pressure was put on Mr Chun to moderate his stance yesterday by the US Govenment. Mr Harry Dunlop, deputy chief at the Seoul embassy, visited Mr Kim Dae Jung, South Korea's other main opposition leader, at his home.

Mr Kim has been under house arrest since April 10, just before the president called off the debate about a return to democracy between the parties. This decision is at the root of the people's protest. The release of Mr Kim and a number of other senior opposition figures is one of Mr Kim Young Sam's preconditions for talks with the Government.

Dr Gaston Sigur, US Undersecretary of State for East Asia and the Pacific, was expected to arrive in Seoul today for consultations. Dr Sigur repeated Washington's calls for restraint and dialogue on US television on Sunday.

South Koreans reacted positively to President Chun's move yesterday and demonstrations subsided in most parts of the country.

In Pusan, where rioting has been strongly dealt with by police following the death of one of their number late last week, Catholic Church leaders negotiated the safe conduct home without arrest of about 250 students occupying the church's administrative headquarters. The policemen's death was the first fatality in demonstrations involving hundreds of thousands of people over the past 11 days. Two students hit by tear gas canisters are seriously injured, one surviving on a life support machine.

General William Livsey, retiring commander of the US Eighth Army which is responsible along with South Korean troops for the security of the country, yesterday provided comfort for those South Koreans who fear that disruption in the south will encourage invasion by the Communist North.

He told a news conference that although it was clear North Korea was watching the situation in the South with great interest, there had been no unusual military activity since the demonstrations began. He stressed that the combined army of US and South Korean troops was highly competent, professional and devoted to the defence of the country.

Concern remains in South Korea that elements in the military might attempt to oust President Chun, a former general like his deputy, Mr Roh. Mr Chun attained power through a military coup in 1979.

Analysts believed yesterday that providing President Chun proceeded in a sincere manner, the crisis in the country had a good chance of being defused. A peace march called for today to continue the momentum towards democracy has been postponed. But although the Government has closed the universities early for the summer holidays, students were reported to be still attending and ready for further action if required.

Editorial Comment, Page 22

EC ministers put off talks on cash crisis

BY WILLIAM DAWKINS IN LUXEMBOURG

EC FOREIGN ministers last night abandoned any attempt to try to tackle the details of the Community's financial crisis at next week's summit of European government heads.

A preparatory meeting for what looks set to one of the most troubled EC summits of recent years left member states as divided as ever over how to deal with the Community's growing financial crisis.

The session coincided with yesterday's visit to Madrid by Mr Wilfried Martens, the Belgian Prime Minister, on the first leg of a tour of the Community's capitals intended to lobby government leaders to sink some of their differences ahead of next week's summit.

However, yesterday's gathering did agree that the summit should avoid any attempt next week to make headway on the details of how to plug the Ecu 5bn ($5.67bn) to Ecu 6bn ($6.81bn) deficit in the current year's budget and member states' inability to set this season's farm prices – the two financial problems of most immediate urgency.

Instead, foreign ministers began to draw up an agenda that would set only the most general outlines on how member states should make progress on the longer-term problems of continued depletion of the budget and their own inability to decide on extra contributions.

Foreign ministers will meet again, informally, over the weekend to try to move further towards reconciling their differences. But EC officials doubted that any solutions to the sources of the Community's perennial financial problems – burgeoning farm spending and inadequate resources – would be in sight for at least another six months, when Denmark will have taken over the chair of the Council of Ministers from Belgium.

"There is a general convergance of view that next week is not going to be the time for making decisions on the short term," said Sir Geoffrey Howe, the British Foreign Secretary.

The most the summit should try to do would be to set a framework for decisions on budget reform for the next six months, though it was inevitable that some questions of detail would come up, such as the European Commission's controversial proposal for a tax on oils and fats to help plug some of this year's budget deficit.

Sir Geoffrey admitted to being encouraged by the greater recognition of the fact that "expenditure must follow available resources and not the other way round."

Britain, supported to different degrees by West Germany, the Netherlands and Denmark, is refusing to make any extra contributions to filling this year's budget deficit – or in the longer term paying more for social and regional policies – until the EC puts a brake on agricultural overspending and sets up a system of budget discipline.

Bank forum calls for changes in debt strategy

By Lionel Barber in Washington

A FORUM for some of the world's leading commercial banks yesterday issued a strong plea for change in the international debt strategy.

The Institute of International Finance said that it was vital for the International Monetary Fund to roll over existing loans to debtor countries and to raise net lending for countries which meet the conditions of IMF support.

It also called in a report for closer and earlier consultation between the IMF, commercial banks, the Paris Club of sovereign lenders, debtors, and the World Bank, both on broad policies and on dealing with individual countries.

The report says that the debt strategy developed since 1982 and amended by Mr James Baker, US Treasury Secretary, in October 1985 "remains basically valid."

But in a tepid endorsement, it notes: "Continuous crisis management over a period of almost five years has led to dissatisfaction with both the process and the outcome of current procedures."

The institute – which appeared to be taking a low profile in the debate on how to tackle debt crises – appointed an 11-member debt task force in late 1986. It said the report represented a consensus among its 180 members, which include National Westminster Bank, Citicorp, Dresdner Bank, Chase Manhattan and the Bank of Tokyo.

Among its other recommendations are:

- A strong leadership role by the World Bank – a big challenge for Mr Barber Conable, the bank president, who faces unrest and dissatisfaction among many of his staff following the reorganisation this year. The institute also believes a capital increase is urgent.
- Broadening the "menu" of specific bank facilities such as medium-term revolving trade financing, co-financing by the World Bank and the commercial sector. "Banks expect to develop these options with debtor countries and official international lenders ...", says the report.
- Greater involvement by private sector banks in advising debtors on risk management, promoting debt to equity conversions, and in attracting new sources of funds.

Restoring market access, new directions in bank lending. Institute of International Finance Inc, 2000 Pennsylvania Avenue, Washington DC 20006.

Senior Saatchi executive quits after agencies network shake-up

BY DAVID CHURCHILL AND FEONA McEWAN IN LONDON

THE SAATCHI and Saatchi worldwide advertising group yesterday lost one of its key UK executives, Mr Jack Rubins, following the restructuring of its international network of agencies.

Mr Rubins, who was chairman of the Dorland advertising agency, left the company suddenly yesterday. In a statement last night Saatchi said that Mr Rubins had retired to become a consultant to the group's communications division.

Dorland was acquired by Saatchi in 1981 and is the UK's second-largest advertising agency. Its major accounts include Austin Rover and Heinz.

Mr Rubins departure is the latest upheaval to rock the Saatchi empire. It follows recent criticism of its handling of the British Conservative party's recent election campaign and the difficulties with some US clients when it took over the Ted Bates advertising agency last year.

Mr Rubins, aged 55, had been with Dorland for almost 40 years and was seen by City of London analysts and major corporate clients as one of the lynch-pins in building up Dorland into the cornerstone of Saatchi's secondary global network.

His sudden departure from Dorland could lead to some clients reconsidering their use of the agency.

The Saatchi and Saatchi Company share price closed last night in London at 637p, down 11p on the day.

Mr Rubins is understood to have decided to leave Dorland following the long-awaited re-structuring of the Saatchi international operations, which was announced in New York yesterday.

Last year Dorland had acquired the New York-based Dancer Fitzgerald Sample (DFS) agency in a $75m deal. This gave Dorland an international network which it saw as crucial in servicing major multinational clients.

Saatchi already had one international network, called Saatchi and Saatchi Compton Worldwide.

Under the re-structuring, DFS and Saatchi and Saatchi Compton will merge to form a US-only agency called Saatchi and Saatchi DFS Compton with billings of $2.3bn.

The international network of both agencies will be called Saatchi and Saatchi Advertising Worldwide and will have billings of over $4bn.

In the UK, Saatchi said that Dorland would become an independent agency "but having access to the Bates network for its clients."

Mr Michael Bungay, Dorland's chief executive, is to take over as chairman from Mr Rubins. Mr Bungay said that "Jack's decision to retire was amicable, and he will become a consultant to the Saatchi communications division."

Mr Rubins was not available for comment last night.

- Saatchi yesterday won an apology and an out-of-court settlement, believed to be a nominal £1,000 ($1,600), in its libel action against the BBC. Saatchi had issued a writ over a Panorama programme about Saatchi's role in the British general election campaign.

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Veteran Turkish Cypriot leader Rauf Denktash sees the partitioning of Cyprus as the lesser of two evils, Page 2

Bonn warned by Bundesbank of tax cut dangers

BY ANDREW FISHER IN FRANKFURT

THE West German tax cuts planned for next year and 1990 to stimulate the economy could cause financial problems for the public sector, if spending growth is not reined back sharply, the Bundesbank warned yesterday.

The tax-cutting package, with DM 14bn (£4.7bn) due in 1988, is seen by both the Bonn Government and the Bundesbank as a key West German contribution to improving growth, though other countries—notably the US—have pressed for more.

The Bundesbank's warning is in line with the Government's own anxiety that even pushing the agreed tax cuts through will be hard. Mr Lothar Spaeth, Prime Minister of the wealthy state of Baden-Wuerttemberg, has said they should be delayed so as to limit the drop in tax receipts.

The central bank said in its monthly report that the domestic economy, which has picked up after the cold winter, benefited in the first quarter from the 5 per cent rise in spending by Federal, regional and local authorities.

But since revenues rose only slightly, because of the weak economy, their deficits expanded sharply. Even if spending in 1987 slows down later, "a considerable increase in the state deficits must be reckoned with," it added.

The Bundesbank estimated that these could move up to around DM 50bn from last year's DM 42.5bn and DM 40bn in 1985. A further increase was likely in 1988. This year, no tax cuts have occurred, the first stage in the present gradual reduction taking place in 1986.

In the first quarter of 1987, the deficit of the Federal Government was just over DM 11bn, some DM 550m higher than a year ago. The deficit of the Laender (regional states) was DM 1.5bn higher at more than DM 4bn, while the local authority deficit was fairly steady at around DM 2bn.

Regional state spending grew fastest in the first three months, at 6.5 per cent.

While spending was sharply ahead, however, revenues were up only slightly.

Stoltenberg advocates debt for equity swaps

BY DAVID LASCELLES IN HAMBURG

MR GERHARD STOLTENBERG, the West German finance minister, urged the world's top bankers yesterday to give greater consideration to swapping more of their Third World loans into equity investments to help ease the debt crisis, but added that the lending countries should take steps to halt capital flight and create better conditions for investment.

He also told the international monetary conference in Hamburg that the lending nations should make further efforts to ease regulations so that banks could write down their loans and increase their loss reserves.

At the conference yesterday the chairmen of the world's 100 largest banks explored possibilities for new types of financing and reviewed the impact of the billions of dollars of additional loss reserves established by the US banks.

Mr John McGillicuddy, the chairman of Manufacturers Hanover, described bankers' feelings as "generally upbeat."

Although bankers still believe that the possibilities for debt-equity swaps are still limited they said that future financing for third world countries would have to be tied more closely to income-generating projects.

They hoped that Brazil's new financial plan, when completed, might contain more opportunities for equity investment. Brazil is due to present this plan next month.

Paris backs joint force with West Germany

By George Graham in Paris

FRENCH political leaders have given cautious approval to proposals from West Germany's Chancellor Helmut Kohl for a joint military unit drawn from the two countries, despite criticism yesterday from hardline Gaullists.

President Mitterrand said he approved of Mr Kohl's suggestion, which he saw as carrying out the provisions of the Franco-German Elysée treaty of 1963, but ruled out any possibility of France rejoining the full command structure of the North Atlantic Treaty Organisation.

He said the unit could form the "embryo of a European defence structure."

Both Mr Andre Giraud, Defence Minister in the right-wing government of Mr Jacques Chirac, and Mr Laurent Fabius, the former socialist Prime Minister, also backed the proposals for a joint force of brigade strength.

Mr Giraud said the force could take the form of an airborne unit with mixed helicopter squadrons, or a motorised brigade with its own artillery.

But the keenest supporters of the policies of Gen Charles de Gaulle, who took France out of the joint Nato command in 1966, have roundly attacked the proposal.

Mr Michel Debre, who was Prime Minister under Gen de Gaulle, said Chancellor Kohl was "treating serious subjects with a lack of gravity which pains and outrages me."

Mr Debre said the plan would indirectly bring about the reintegration of French troops under US command, which is anathema to supporters of the Gaullist tradition.

The creation of a joint Franco-German unit appears to be fraught with practical difficulties, since all German forces are subordinated to the Nato command structure, while since France's withdrawal from Nato foreign military installations have been barred from French soil.

But the proposal could help to pave the way for a redefinition of France's relationship with Nato.

EC ministers in crucial air reform talks

BY TIM DICKSON IN BRUSSELS

EC OFFICIALS and diplomats were displaying all the nervousness and uncertainty of first time airline passengers yesterday as they prepared for tomorrow's crucial talks on air transport reform.

Most participants and observers in Brussels agree that the stakes are unprecedentedly high, but that the outcome of the meeting is impossible to predict. Whatever happens this week, they say, it is likely to affect the pace and extent of air liberalisation over the next two to three years.

On the table for EC Transport Ministers in Luxembourg will be the latest compromise package of the Belgian Presidency—a set of measures which have aroused fierced controversy but which everyone agrees are less far reaching than those originally put forward by the European Commission more than a year ago.

They include plans to introduce more discount and deep discount fares, to prevent airlines and Governments from entering into bilateral agreements which split up passengers and revenues on a 50/50 basis regardless of underlying performance (in favour of a minimum 60/40 at the end of three years), and to encourage more competition on new and established routes.

It is this last question—usually referred to as market access—which continues to divide member states and illustrates the wide range of different vested interests inside member states which has made political agreement on the issue of airline competition so elusive over the last few months.

The proposals fall into three parts but in essence the negotiation turns on whether a sufficient number of exemption and guarantees can be given to the four most conservative countries—Spain, Italy, Denmark and Greece—to "buy" their consent to what is a highly complex set of proposals.

The major sticking points are the plans for multiple designation (allowing more than one carrier for each member state on an established route), more flights between the large so-called "hub" airports and regional airports, and the rights to "fifth freedom," that is the ability of an airline to take off in one country, set down and pick up passengers at an "intermediate" destination and carry on to a third.

Detailed proposals have been put forward by Mr Hermann de Croo, the Belgian Transport Minister, in an effort to limit the effects of these changes on the more reluctant member states. The latest compromise notably includes exempting certain airports from any new hub to region rules.

Tomorrow's meeting, however, could founder on the opposition of more "liberal" member states such as the Netherlands to what many consider to be an ineffective and badly watered down package. In this respect the attitude of the European Commission — which has to decide whether to exempt Governments and airlines from the competition rules of the Treaty of Rome for a three-year transitional package — is likely to be crucial.

A special meeting of Commissioners called for today was cancelled last night after senior Commission advisers appeared to have settled their final negotiating positions. But tensions inside the Commission — notably between the Transport Commissioner Mr Stanley Clinton Davis and the Competition Commissioner Mr Peter Sutherland — are not far from the surface.

Commission officials yesterday also expressed concern about Spain's move last week to raise the issue of Gibraltar — a Category 3 British airport and as such one that could be encompassed by the hub to region provisions for more cheap flights and thereby challenge established Spanish carriers. It is assumed in Brussels that Britain is unlikely to be sympathetic to any demand to change the status of the airport and that any flexibility will have to come from the other side.

An indication of the passions aroused came last night when Gibraltar's opposition Socialists and Labour Party announced that it had written a letter to the governor asking him to urge the British Government to stand firm on the airport issue.

Four European airlines agree joint computer system

BY SARA WEBB IN STOCKHOLM

FOUR OF the leading European airlines—Scandinavian Airlines, System Lufthansa, Air France, and Iberia—have agreed to set up a joint computerised distribution system in Europe.

The new system—called Amadeus—is expected to start running by mid-1989 and will cost $300m to set up and develop. The initial investment includes a deal with IBM worth about $140m for the necessary hardware and software.

The system would provide customers such as travel agents with more detailed information about the airlines and their related services, including car hire, hotels and even theatre tickets.

"By having a joint distribution system, we can secure the distribution of our own products instead of paying to use someone else's system," said a SAS spokesman.

He said that SAS had been particularly impressed by data about American Airlines' distribution system which two years ago accounted for 33 per cent of the airline's profit but only 8 per cent of turnover.

SAS already has its own distribution system which goes to about 6,000 terminals in Scandinavian travel agents and carries information about other airlines.

However, SAS now faces tougher competition in its home market as more of the domestic travel agents are starting to use competing information systems from the US airlines such as American Airlines and travel information from American Express.

While the four airlines would own and operate Amadeus through a holding company based in Madrid, they want to encourage as many of the other European and overseas airlines as possible to participate. Other airlines could display information for free but would have to pay a fee for each booking made. SAS said that the project is expected to break even by 1993.

Soviet prime minister set to meet Waldheim

BY PATRICK BLUM IN VIENNA

MR NIKOLAI RYZHKOV, the Soviet Prime Minister, will visit Austria next month and meet Dr Kurt Waldheim, the Austrian President who has been at the centre of an international controversy over his war-time past.

The Soviet Prime Minister is the highest ranking foreign government representative to visit Dr Waldheim since his election just over a year ago and the meeting will end a period of embarrassing diplomatic isolation for the Austrian president.

It also comes at a time of increasing estrangement between neutral Austria and the US administration which has barred Dr Waldheim from entering the US because of the allegations about his war time activities.

Dr Waldheim has been placed on the US watch-list of undesirable aliens because of suspicions that he may have been involved in Nazi atrocities in the Balkans during World War Two. He has repeatedly denied the charges which until now remain unproven, but the controversy has damaged his standing and Austria's reputation internationally.

Ombudsman to quit in Sweden

By Kevin Done in Stockholm

MR PER-ERIK NILSSON is to resign as Sweden's chief parliamentary omsbudsman, one of the country's most prestigious offices, following allegations about his conduct in the post.

His future as chairman of the judicial commission of inquiry into the assassination of former Prime Minister Mr Olof Palme has also been thrown into doubt.

Mr Sten Wickbom, the country's Justice Minister, indicated yesterday that Mr Nilsson's resignation as chief ombudsman could also mean his removal from the commission.

The commission is now finalising its inquiry into the chaotic first 12 months of the police investigation

Political leaders to march over Barcelona bomb

BY DAVID WHITE IN MADRID

AS CIVIC and political leaders in Barcelona prepared to head a protest march last night in reaction to the terrorist bombing in a hypermarket last Friday, it became clear that nobody has emerged well from the incident.

Neither the police nor the store management—locked in an argument about who should have been responsible for evacuating shoppers before the bomb went off—nor, even by its own peculiar terms of reference, the Basque extremist movement responsible for the attack.

Four more burn victims remained on the critical list yesterday, threatening to increase the death toll of 17.

The Herri Batasuna (People's Unity), the radical Basque coalition linked to ETA, repeated its charge that the police shared responsibility for the deaths.

One of its leaders, Mr Jon Idigoras, made a weak bid to save appearances for ETA, after the party broke with past practice to condemn the attack and ETA itself expressed its "sorrow" over the killings. ETA's self-criticism showed "political maturity and honesty," he said.

Protest has been invited, despite misgivings, Margie Lindsay writes

Hungary pushes on with N-power

ON a quiet, tree-lined country road stands Hungary's nuclear power complex. The four-unit plant at Paks, about 80 miles from Budapest, has no need of high-security fencing or armed guards. Hungarians in general are in favour of nuclear energy, even after the Chernobyl disaster. In fact, the Government is pushing ahead with its nuclear power programme, despite some misgivings over safety standards.

Nuclear power in Hungary does not exact the same sort of public opposition as in the West. Public protests against nuclear development in Hungary have so far been muted. The "green movement" has been mainly concerned with the building of a dam on the Danube River.

Most of the opposition to increasing the role of nuclear energy comes from within the Government. The influential heavy-industry lobby, of which the coal mining sector is a strong voice, wants more coal-fired stations, not an increase in nuclear power.

Nevertheless, the Government is determined to build more nuclear power stations. Five to seven reactors of 1,000 megawatt each are to be built in Hungary in the next few years.

At present, all of Hungary's nuclear production is located at Paks, previously a quiet farming village, now a nuclear boom town, on the banks of the Danube. All the reactors are of Soviet design, but are not graphite moderator reactors like those at Chernobyl. Called VVERs, the units are similar to pressurised water reactors in the West.

Three 440 mw reactors are already in operation at Paks. A fourth 440 mw unit is under construction and should be connected to the grid in September, with commercial operation starting by the end of 1987. The Hungarians want to build two more units of 1,000 mw each at Paks, with construction scheduled to start in 1989.

Although the plant is designed by the Soviet Union, with most of the equipment supplied by East European countries, the Soviet specifications allow for purchases of Western equipment. The most vital safety and regulation equipment come from the West, says Mr Gabor Vamos operations supervisor of the station. This accounts for about 10 per cent of the total equipment of the plant, worth about $30m-$40m (£18.7m-£25m).

Most of the computer equipment and software is Soviet-made. But the Hungarians have developed subsystems and program which are now being installed. Units Three and Four will have total Hungarian-designed computer systems.

At present, the computer operations of Unit One are mixed. The reason for the change-over was an attempt to increase safety margins and to make analysis of the plant—during normal operations or during a crisis—as easy as possible.

> Despite old-fashioned technology, having the Soviet Union as designer and contractor does have its advantages. Under the agreement, Moscow supplies fuel and reprocesses it, leaving Hungary only to worry about disposal of nuclear waste. And Hungary is proud of its safety record. Last year, there were only two automatic shutdowns.

Despite old-fashioned technology, having the Soviet Union as designer and contractor does have its advantages. Under the agreement, the Soviet Union supplies fuel and reprocesses spent fuel for the next 30 years, leaving the Hungarians only to worry about disposal of limited nuclear waste.

Paks is also proud of its safety record. There have been no "accidents." Last year, there were only two reactor trips—automatic shutdowns—on Unit One and two on Unit Two. The trips were caused by equipment malfunctions and, according to Mr Vamos, were not serious.

Monitoring of radiation levels is carried out by the plant as well as independently by the Hungarian health authorities. There are permanent monitoring stations within a three mile radius of the plant, with other monitoring stations situated at a maximum 30 miles away.

Despite the advantages of nuclear energy to Hungary, however, there is some official opposition to increasing role of nuclear energy in electricity production. The coal lobby has recently submitted a report to the Government trying to prove that coal-fired stations would be cheaper for Hungary than expansion of nuclear energy.

Whether opposition to the extension of this type of energy will grow in Hungary, or on its borders, is difficult to judge at present. Regardless of the problems and cost, the Government appears committed to extending in Hungary's nuclear energy

Last year, nuclear stations supplied just over 22 per cent of electricity. This is planned so rise dramatically for the years after 2010.

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EUROPEAN NEWS

Poland's central bank urges tough economic reform

BY CHRISTOPHER BOBINSKI IN WARSAW

A CONTROVERSIAL plan to strengthen the Polish zloty through a series of economic reforms prepared by Poland's Central Bank is urging tight control over money supply in a bid to bring down inflation, now running at 18 per cent, to single figures within two years.

The as yet unpublished report admits that controlling the present high growth of nominal incomes will be the most difficult part of the plan which seeks to improve efficiency but also envisages clashes with powerful industrial and political lobbies. Professor Wladyslaw Baka, the bank's chairman, has already won the approval of the Communist Party Politburo for the plan but has yet to gain the endorsement of the Government.

The programme envisages tough credit conditions for companies and warns that this could cause social tension inside enterprises and on a wider scale. "We must, however, undertake the risk and go through such a phase," it argues. This approach is in contrast to present policy which seek to minimalise industrial unrset by conceding wage demands and as a result tolerating unplanned growth in incomes.

The NBP predicts that failure to go through with its programme would lead either to a process of accelerated inflation which is already beginning or price controls and a "destruction" of the retail market. The plan calls for a review of present investment programmes with a view to cuts, elimination of inefficient producers and price increases on scarce goods such as cars and petrol to achieve a balance between supply and demand.

It looks to Western governments and bankers to ease repayments conditions on Poland's $35bn debt and to provide new credits to boost exports. The NPB also envisages the decentralisation of the banking system next year with new banks set up to deal with companies on a commercial basis.

The ultimate aim is to achieve convertibility for the zloty but meanwhile the plan suggests that Poles should be able to buy foreign currency at free market rates and that currency held by Poles could in effect be sold to the banks at the same price at present over three times the official exchange rate.

Hungarians braced for tax upheaval

By Leslie Colitt in Budapest

HUNGARIANS are bracing themselves for a fiscal upheaval as the Communist leadership prepares to introduce VAT and other Western-style taxation for the first time in Eastern Europe.

The central tax office is to open its doors on July 1 in Budapest while hundreds of tax inspectors are being trained and a powerful new computer to process tax forms has been purchased with the help of funds from the World Bank.

VAT and personal taxes for wage earners will be accompanied by the lowering of corporate taxes in order to reward efficient companies. Companies which previously paid a 55 per cent tax on earnings will pay some 40 per cent.

The gap in revenue is to be made up by reducing subsidies to both producers and consumers. As elsewhere in Eastern Europe the Hungarian Government receives most of its revenue from company taxes while individuals pay little or no tax.

Understandably ordinary Hungarians and the nation's many inefficient companies are less than enthusiastic about the *government's fiscal plans.*

Mr Miklos Pulai, Deputy Chairman of the National Planning Office, who is in charge of the tax programme, explained that VAT and the simultaneous elimination of most consumer goods subsidies would result in a 5 per cent "overnight" price increase. This plus other price rises would mean a record consumer price increase of more than 10 per cent next year against an expected 7 per cent this year.

"We will be *crossing* the Hungarian psychological border," he noted drily in an interview.

Some senior party officials are concerned that taxation — coming on top of declining real income in recent years — could lead to a backlash from the population. But government officials say the political leadership under Mr Janos Kadar is determined to press forward.

Mr Pulai said there has been no decision yet on income tax progression but that it would probably start at 20 per cent and run up to 60 per cent.

Bonn rocket dispute delays pact on arms, US confirms

THE chief US arms negotiator, Mr Max Kampelman, said yesterday a dispute over 72 West German rockets was delaying *an arms control pact with the* Soviet Union, Reuter reports from Geneva.

"It serves obviously to delay matters," he said, adding that Moscow had raised the issue only recently.

The 72 Pershing-1a rockets belong to West Germany, but their nuclear warheads are controlled by the US.

Moscow has said the warheads would have to be removed from Europe under an arms control pact on medium and shorter-range missiles being negotiated with the US.

Mr Kampelman also noted that the US was waiting for a response to its draft treaty on intercontinental nuclear missiles presented in early May.

"We would very much like the Soviets to table their Strategic Arms Reduction Ours has been in for six weeks now and we want to start with the 50 per cent reductions," he said.

President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, agreed in principle during a summit in Iceland last year to cut strategic, or intercontinental, arsenals by 50 per cent. Each side has some 10,500 nuclear warheads on these weapons.

Mr Kampelman was speaking at the US diplomatic mission while awaiting chief Soviet negotiator Mr Yuly Vorontsov.

Turkish massacre lifts toll to over 600

BY DAVID BARCHARD IN IZMIR

TURKEY'S MINISTER of the Interior, Mr Yildirim Akbulut, yesterday toured the scene of last weekend's massacre in *which 31 villagers, including 16* children, were gunned down by a Kurdish separatist group calling itself the ARGK or Peoples' Army for the Liberation of Kurdistan.

The Turkish press and public opinion responded with anger *and incomprehension to the* news of the massacre at Pinarcik in Mardin province near the Turkish Syrian border.

It is still not clear what the ARGK is. Some observers speculated that it might be a breakaway faction of the better *known and equally violent PKK* which has been responsible for most of the armed attacks in south eastern Turkey in the last 34 months.

The death toll in the guerrillas' campaign has now reached over 600. There have been a total of 440 incidents in which lives have been lost. Some 220 Turkish civilians, almost all of them local Kurdish villagers, have been murdered along with 147 Turkish soldiers and gendarmes. A further 245 terrorists have been killed and 876 taken prisoner.

As far as can be judged the attacks have had two main purposes: to demonstrate that the Turkish Government is in*capable of maintaining control* in the region, and to pressurise local communities into abandoning their loyalty to the central government. The *majority of non-military* attacks have been targetted on village headmen and guards.

At Pinarcik, the ARGK distributed leaflets calling on all people loyal to the Turkish Government, whom it described as "agents" and "militias" to surrender.

President Kenan Evren and Prime Minister, Mr Turgut Ozal, both issued statements when news of the massacre became known, pledging to continue to harry the rebels until they were totally crushed.

This no longer looks like an easy short term objective. There are about 8m Kurdish speakers in Turkey, sharply divided among different tribal and *dialect groups. They have a* long history of challenging central government, but at least until recently separatist movements have had only a minority following among them.

Yesterday's raid may have been intended to commemorate a tribal rising in 1937 which was the last major rebellion in Turkish history. It also has more international ramifications than may be immediately obvious. The Turkish press yesterday was linking a resolu*tion passed by the European* parliament on Friday with the massacre. The resolution which was aimed a getting Turkey to recognise its alleged responsibility for the Armenian diaspora after 1815 accused Turkey of not recognising the existence of a Kurdish problem.

Several papers yesterday ran banner headlines calling on the European Parliament to be ashamed of itself, while one paper, the *conservative daily* Tercuman, published a front page commentary in English saying that the European Parliament had as much blame for the Pinarcik deaths as the Nazis did for their concentration camps or the Red Army did for *the Katyn forest* killings.

Denktash learns to read his enemy

Larry Klinger meets Turkish Cypriot leader Rauf Denktash in northern Nicosia

Denktash: life-long struggle

FOR Mr Rauf Denktash, the 63-year-old veteran leader of the Turkish Cypriots and long-time political duellist with Archbishop Makarios, the late Cyprus President, the Turkish mainland troops stationed in the north of the island since their 1974 in*vasion are the real peace*keepers.

Without them, Mr Denktash and the majority of his 150,000 compatriots who elected *him* president of the unilaterally declared Turkish Republic of Northern Cyprus are convinced that *they* would by now either have been killed or forced to leave an island nation dominated by the Greek mainland. Indeed, whatever the cost of the invasion, the effective partitioning of the island has meant at least that inter-communal murdering has been stopped for the past 13 years.

Mr Denktash and I met at the beautiful former residence of the British colonial Nicosia district commissioner, which now serves as his presidential palace, a far cry from the small southwestern village of Ktima, where he was born.

He speaks with the precision one would expect from his law training at Lincoln's Inn, London, mixed with a softness nurtured *alongside* his long-standing image as a man-of-the-people, keen gardener, photographer and cook. But his words never lack the edge that portrays what he views as the unrelenting injustice handed out to his people over past decades by Greek Cypriots bent on the island's full unification as part of the Greek nation.

Mr Denktash is criticised, *even among Turkish-Cypriot* politicians, for his consistently unbending language towards leaders on "the other side." Close colleagues however, maintain that it is unreasonable to think that he should temper remarks based on years of indignity suffered at the hands of Greek-Cypriot ministers and a life-long struggle which has brought him close to death on more than one occasion.

True, being a leader in Cyprus is not entirely conducive to prolonged relaxation. In addition to the more than 25,000 Turkish mainland troops estimated to be in the north, there are about 2,000 Greek mainland troops thought to be in the south, tens of thousands of young Turkish and Greek Cypriots in local armies, supported by reserves which could double their strengths within 24 hours, probably more than 5,000 troops on Britain's sovereign bases and 2,400 United Nations soldiers supposedly separating the lot.

The most contentious of these forces are the Turkish mainlanders, who invaded at Mr Denktash's request under Turkey's guarantor powers, subsequently occupied more than a third of the island to protect around a fifth of the population and whose presence has since been twice condemned by the UN and may well be again if the Greek Cypriots press their case in New York later this year. As yet, Mr Denktash's state is recognised only by Turkey.

Many non-Cypriot observers believe that the Turkish military presence almost guarantees lack of agreement tc the bizonal federation proposed by UN Secretary-General Perez de Cuellar and accepted in principle by Mr Denktash. The dilemma, they believe, is that the north cany only feel secure eough to negotiate while the troops remain and the south, still fearing further Turkish military ambitions, can only feel able to negotiate when the troops have gone.

Mr Denktash says that he left the troops issue to "the judge," meaning the Secretary-General. "The judge said: 'Isn't this a good thing. As you talk about the constitution, land and other matters, you also talk about a programme of withdrawal of the troops, not only Turks but Greeks . . . and you prepare a timetable. As that moment we have a transitional government set up, jointly.'

"We said, alright, this is fair. The Greek Cypriots said, alright, this is fair, until the moment when (the Premier of Greece) Mr Papandreou said, 'don't be silly, don't sign it.' So, what else can we do? Can we afford to send the Turkish troops away while these people are *the* Government of Cyprus? Telling us that Cyprus is Greek and they will make it Greek? It's impossible. So when they insist that Turkish troops must be out first, it is because they don't want a settlement. They prefer the status quo."

Moreover, he said, international conditions militated for retention of the status quo: the US Government was hostage to *its Greek lobby; Britain was* hostage to Greek Cyprus in wanting to maintain its bases there; Greece had no interest in an agreement because lack of one provided a political weapon in its dispute with Turkey in the Aegean; the Soviet Union sought to prolong the dispute to disrupt the North Atlantic Treaty Organisation.

I put it to Mr Denktash that there are increasingly voiced suspicions that he and Turkey might also prefer the status quo: the consolidation of a non-Greek state along the Turkish coast with a new deep-water harbour, a new military airport and a local economy which is slowly improving.

"You must accept that, sincerely, we want a settlement on this problem, and we feel sincerely that it can be settled if the Greek Cypriots abandon the idea that they are the government of the whole of Cyprus," he replied.

Finally I asked whether there was still enough trust re*maining in Cyprus that the one* side could even *believe* what the other said.

Yes, he said, even today on certain issues, with certain leaders. "But," he said, "with Kyprianou, whatever we said we would do, even after a signature, he always found a reason for running away.

"Know your enemy, know your men, I think is the trick in every trade. We know that when a Greek Cypriot leader says 'We want the unity of Cyprus,' it is what they destroyed that they want back, not the sovereignty which rests on partnership."

OVERSEAS NEWS

Shias fight as threats over newsman mount

BY NORA BOUSTANY IN BEIRUT

INTENSE SYRIAN efforts to secure the release of US newsman Mr Charles Glass, kidnapped with the son of Lebanon's Defence Minister coincided with an outbreak of hostilities between Shia factions in the southern suburbs.

Heavy fighting trapped residents of the mainly Shia slums on Beirut's southern fringes in their homes, as members of the Baalbek Mikdad clan battled with gunmen of the mainstream Shia Amal movement.

Amal officials refused to link the violence in Bir al-Abed, Rweiss an Mouawad, with Syrian warnings to the pro-Iranian Hizbollah to free Mr Glass, Mr Ali Osseiran, the son of Lebanon's Defence Minister and their driver, abducted south of Beirut last Wednesday.

The Shia Amal movement is Syria's closest ally in Lebanon. Mr Nabih Berri, Amal chief and Shia minister, returned to Beirut from Damaskus over the weekend to take part in the drive to secure freedom for the 36-year-old American journalist and his companions.

The chief of Syrian military intelligence in Lebanon, Brig Ghazi Kanaan, met with Sheikh Mohammed Hussein Fadlallah on Sunday and told him that President Hafez Assad of Syria looked upon the affair with great personal interest and considered Ali Osseiran, 40, his own son.

The Mikdad clan has links with the pro-Iranian Hizbollah (Party of God) which wants the release of Ali Hamedi – brother of a senior Hizbollah official – who is facing trial in Frankfurt on charges of possessing explosives, hijacking a Trans World Airlines flight to Beirut in 1985 and killing a US navy diver on board.

Yesterday, Mr Helmut Kohl, the West German Chancellor, vetoed a US request for his extradition, a decision bound to strain Bonn's relations with Washington.

Two West German businessmen were kidnapped in West Beirut after Hamadi's arrest at Frankfurt airport. It is concern about their fate that has led to rejection of the extradition request. Yesterday it was not clear what bearing – if any – the decision would have on the fate of Mr Glass and his companions.

Sources in Mr Nabih Berri's house told journalists he was promised the three "will be delivered in 48 hours or else other methods will be used," following a meeting between the Shia leader and Brig Kanaan. Mr Berri added that they had discussed "conditions in the southern suburbs, especially after the kidnapping."

Accord to limit Soviet influence

AUSTRALIA and the US said yesterday that they were co-operating to limit Soviet influence in the South Pacific, but disagreed sharply over French nuclear testing in *the region, AP reports from Sydney.*

The US endorsed the tests, but the Australians said the explosions created animosity toward the West.

Australia also warned that US trade policies could undermine support for the effort to limit Soviet influence in the South Pacific.

The views were expressed in public comments by the US and Australian foreign and defence ministers before and after their annual meeting on defence and economic issues.

Both sides agreed that the Soviets have increased their efforts to win friends in the region by trying to buy fishing rights from island nations.

Mr Caspar Weinberger, US Defence Secretary, said the Soviets have increased their forces in the Pacific at a faster rate than in any other part of the world.

Mr Bill Hayden, Australian foreign minister, said the Soviets – who have gained shore access by signing a fishing agreement with the island of Vanuatu – show "evidence that when they get on the ground they engage in other activities that are unrelated to commercial matters."

Andrew Whitley in Jerusalem reports on the influx of US sportsmen

Imports boost Israel's sporting stakes

WHEN ISRAEL play India in the quarter final of the Davis Cup next month, for the first time an Israeli sports team will have been permitted to play on Indian soil.

Sport, like everything else in Israel, is inextricably intertwined with politics. And international sport is for Israelis all about the recognition of the Jewish state as an equal member of the community of nations.

To compel India, which because of its leading role in the Non-Aligned Movement has consistently cold-shouldered Israel, to host an Israeli team was a sweet diplomatic breakthrough for the Foreign Ministry in Jerusalem.

Soccer should be the most popular sport in Israel. But basketball is the only major team game in which Israeli teams have been able to overcome the sporting quarantine into which the country is normally consigned.

The deep-seating craving for international applause and success is so strong that basketball is now the largest organized sport in Israel. In a country of barely 4m, 32,000 players are organized in a phenomenal 1,430 basketball teams.

Through one team in particular, Maccabi Tel Aviv, national champions with monotonous regularity for the past 18 years, Israelis have savoured the pride of seeing their side on the winner's rostrum.

When Maccabi Tel Aviv beat the Russian Red Army squad 10 years ago and went to win the European Cup for the first time, the nationwide explosion of joy was so overwhelming that the announcement of the then Prime Minister Mr Yitzhak Rabin, that he was resigning passed almost unnoticed.

"We're on the map," shouted Mr Tal Brody, a lanky American Jewish immigrant who captained the team, in a phrase that has gone down into sporting history. Correspondingly, when the Israeli champions were narrowly beaten last April in the finals of the European championship, the gloom was profound.

Maccabi's success, and the rise in popularity of the game, has resulted directly from the US professional basketball players they and other local teams have imported over the past decade, to provide the brawn and height the smaller Israelis cannot match. In the European Cup finals, Maccabi Tel Aviv had five US-born players – the maximum permitted is two foreign citizens and three naturalized Israelis – in their squad.

Every major league Israeli basketball team has its "Americans", most of them blacks. Usually numbering two or three, Elitzor Netanya, an aggressive newcomer to the Israeli first division, can field six.

They usually come to Israel as raw college sports graduates looking for experience, or else out of frustration at not having made the grade in the US big leagues. The money, by comparison with Israeli standards, is good: $50,000 to $80,000 for a six-month season, with fringe benefits such as a car, flat and return air tickets thrown in, is typical for foreign players.

A few, like Michael Ray Richardson, formerly of the New Jersey Nets and considered one of the world's top players, may sign up for an obscure Israeli team because they have been banned by the NBA in the US after a drug conviction and need a temporary "parking" orbit.

Drugs are not unknown in Israeli basketball either. Aulcie Perry, the US-born player who pioneered the Israeli connection 10 years ago, is currently in jail in New York on a heroin smuggling charge.

According to the basketball federation, there are about 40 registered foreign players in Israel. But there are dozens more who have changed their nationality. Israeli or American passport holders, they can often be seen loping together along the Tel Aviv Seafront, head and shoulders above astonished local passers-by.

Most stay for a few seasons before moving on. But for those who do decide to make their careers in Israel, getting round the numerical restriction is not over-arduous.

Foreigners who are not Jewish can become Israelis – and thus qualify instantly as local players – in one of a number of ways. Marriage to an Israeli was until recently one easy way of earning the right to citizenship, though this could not be done in Israel, where the Rabbinate rule the roost in all aspects of personal law with an inflexible hand.

The answer was a spate of "quickie" marriages in nearby Cyprus, arranged by less-than-scrupulous basketball teams eager for a share of Maccabi Tel Aviv's glory. Then the Interior Ministry began to crack down.

The other backdoor entry route used by a number of well known sportsmen – including Peter Lorimer, formerly of Leeds United, now Alon Ben-Avraham of the Hapoel Haifa football team – is one exclusive to Israel: If you are a Jew, Israeli citizenship is deemed automatic under the law of return. The perennial catch, an ever-burning political issue, is "who is a Jew?".

In a celebrated recent case, Rabbi Yitzhak Peretz, the right-wing Interior Minister, resigned rather than accept the supreme court's order that a US immigrant, Ms Shoshana Miller, be registered as a fully-fledged Jew.

Tens of thousands of Ethiopian Jews, brought over in a secret airlift which dramatized the length the Israeli state will go to defend Jews in trouble, are still – two years later – suffering from the orthodox Rabbinate's refusal to accept their religious bona fides.

But when local sporting emnity with their secular rivals is involved, it seems the rabbis are prepared to waive their high criteria for Jewish eligibility.

Elitzur Netanya carries the flag for religious Israelis in the field of basketball. It does not play or practice on the sabbath, nor are its members permitted to eat in non-kosher restaurants. On the other hand, none of its six "Americans" are genuine observant Jews.

The club forms part of the Elitzur Organisation set up in 1938 as a sports organisation (and framework for military training) for young religious-minded Jews, in head-on competition with Hapoel, the much larger, sporting branch of the Histadrut Labour Federation.

Carl Neverson, at 28 a five-year veteran of Israeli basketball, is one of the Netanya team's U.S. converts. Admitting that many of his colleagues had it much easier – cash is said to work wonders in certain circles – he went through a three-month course with "a basketball rabbi" in New York before coming to Israel.

Like many sporting "new Jews", Neverson has yet to do his compulsory military service. Nor has he been troubled too much by his club's religious affiliation. He does not wear a skullcap or the braids dangling from their belts which are de rigueur for the observant community.

This season's highest scorer in Israel has a new arrival, Ron Davis of New Orleans and Betar Tel Aviv. "Sure I'd consider converting," he said cheerfully. "It would make the team stronger, help us get more foreign players onto it."

Not everyone is so happy about the implications, as an Israeli coach explained: "It's much cheaper to buy a ready-made player. But I personally object to having so many foreigners with us. It blocks the way of our own young generation. We are cutting the branch on which we are sitting."

Sharjah coup leader seeks control of finance and oil

BY RICHARD JOHNS

Sheikh Abdul-Aziz bin Mohammed al-Qassimi is demanding control of finance, oil and gas and internal security as a condition for his giving up his claim to the leadership of Sharjah in favour of his brother Sheikh Sultan whom he attempted to depose last Wednesday. He also wants an executive council and appointed parliament to take part in governing the Emirate.

The power struggle yesterday remained unresolved despite the fact that all the Rulers of the other six member states of the United Arab Emirates decided to confirm Sheikh Sultan as the legitimate leader of Sharjah. As a compromise they have proposed that Sheikh Abdul-Aziz be named Crown Prince.

Soldiers of the Emiri Guard commanded by Sheikh Abdul-Aziz were reported yesterday to be digging trenches around the court building where he has established himself.

The Supreme Council of the UAE met on Sunday night at El Ain, an oasis town in the Emirate of Abu Dhabi. Several brothers of Sheikh Sultan were understood to have attended the session and appear to have supported him.

BHP welcomes oil deregulation

BROKEN HILL (BHP), the Australian energy steel and mining group, welcomed the Government's decision to deregulate crude oil marketing, Reuter reports from Melbourne.

The Government said yesterday it would free crude oil marketing from January 1, thus ending its normal bi-monthly setting of the Import Parity Price and the requirement for refiners to take a set allocation of local crude.

The decision removes one of the uncertainties affecting oil exploration and is a step towards placing the Australian industry on an equal footing with competitors, the company said.

NZ tycoon offers Bavadra government-in-exile offices

BY DAI HAYWARD IN WELLINGTON

MR BOB JONES, a New Zealand property millionaire, has offered Dr Timoci Bavadra, the deposed Fijian Prime Minister, facilities to set up a government in exile in New Zealand. At the same time Prime Minister David Lange urged Dr Bavadra to "go home and help resolve Fiji's constitutional crisis."

Mr Lange said that for Dr Bavadra to go back to Fiji would not be acquiescing in the coup which toppled his Government a month ago and he would be able to use his support in working towards restoring constitutional government. Mr Lange said before their formal meeting in Wellington that the New Zealand Government no longer recognised Dr Bavadra as Prime Minister or his Government

Mr Jones, who has been an outspoken critic of the military takeover in Fiji, offered Dr Bavadra office space, facilities and support for a government in exile on the 11th floor of Mr Jones's multi-storey office block in central Wellington. This building also houses the Fiji High Commission on the fourth floor. Mr Jones has been trying to evict the High Commission from the day after the military coup.

Tokyo may cut targets for N-power

By Peter Bruce in Tokyo

THE Japanese Government is to consider soon whether to cut its long-term nuclear power targets by more than 40 per cent in a massive scaling-down of a programme that has already cost it more than Y100bn.

The Government's Atomic Energy Commission urged in a new plan presented yesterday that total nuclear power output be cut from a projected 90m KW to 53m KW by the turn of the century.

The Cabinet is dueteo discuss the plan, a revision of a target set by the Commission in 1982, in August.

Long-serving senior army officers retired in China

A BATCH of 34 senior Chinese army officers have been retired with the personal approval of Deng Xiaoping, the supreme leader, as part of a plan to rejuvenate the military's leadership, an official newspaper said yesterday, Reuter reports from Peking.

All the officers held ranks higher than full army commander in the Peking Military Region, one of the seven subdivisions of the People's Liberation Army, the China Daily said.

All had service records dating back to the communist Long March (1934-35) or to China's war against Japanese occupation and had been recentely commended.

The retirements are part of a continuing programme to reduce China's armed forces by 1m men, modernise weaponry and promote younger and more highly-trained officers.

Hong Kong newspapers close to Peking have said 80 per cent of China's regional military leaders will have been replaced when the process is complete.

● The Prime Ministers of China and Pakistan called for the withdrawal of foreign forces from Afghanistan and Kampuchea, and for good relations with their neighbour India at talks in Islamabad yesterday.

AMERICAN NEWS

Iran-Contra hearings approach climax

BY LIONEL BARBER IN WASHINGTON

THE IRAN-CONTRA hearings reopen on Capitol Hill today for what promises to be the decisive final stage in the Congressional investigation of the affair.

Over the next eight weeks, the joint House-Senate Select Committee will hear evidence from President Ronald Reagan's closest current and former advisers. Their testimony is considered critical to establishing how much he and other senior US officials knew about the secret arming of the Nicaraguan Contra rebels, and whether they engaged in a cover-up.

The mood among committee members has stiffened in recent days, partly as a result of the legal controvery surrounding future testimony by a key witness, Lt-Col Oliver North. But there is also a sense of impending confrontation with the White House, likely to be provoked by testimony from a former national security adviser, Rear-Admiral John Poindexter.

One senior committee member told the Washington Post that the admiral's testimony was expected to be "very explosive." Another noted that three earlier witnesses—retired Major-Gen Richard Secord, Ms Fawn Hall, Col North former White House secretary, and Mr Ellit Abrams, a senior State Department official—had not told the whole truth to the committee.

The committee, previously leak-proof, is starting to let out some embarrassing disclosures. Yesterday, the Wall Street Journal reported that the tSate Department's top lawyer, Mr Abraham Sofaer, had threatened to resign last November because of misleading Congressional testimony prepared for Mr William Casey, the CIA director, who has since died, about the Administration's arms sales to Iran in exchange for US hostages held in Lebanon.

Mr Casey—a linchpin in the Iran affair, whose testimony the committee would have needed—was also reported to have held a meeting with Col North, at a private house in Washington, with Contra leaders during a Congressional ban on any CIA involvement with the rebels.

Col North has been issued with a new subpoena by the committee, ordering him to hand over by today documents and diaries related to his role in financing and arming the Contras and arranging the weapons shipments to Iran. If he does not comply, he faces contempt proceedings by Congress, in addition to federal contempt action over refusal to comply with a grand jury subpoena.

House-Senate counsel are also negotiating with Col North's lawyer to press for the officer to give private testimony, as a preparation for his public appearance under limited immunity which could take place in the third week of July at the earliest. Some members, noting the legal wrangles, doubt if Col North's pledge to tell his story is sincere.

Admiral Poindexter's public testimony is likely to take place in the second week of July, laying the groundwork for later testimony by Mr George Shultz, Secretary of State, Mr Caspar Weinberger, Defence Secretary, Mr Donald Regan, former White House Chief of Staff, and Mr Robert Gates, Mr Casey's deputy at the CIA.

This week, the hearings will begin with Mr Glenn Robinette, a former CIA employee who installed an electronic security system at Col North's home in Virginia, at a cost of $2,000. Mr Charles Cooper, Assistant US Attorney-General, is expected to talk about the preparation of misleading testimony for Mr Casey, and Mr Stanley Sporkin, former CIA counsel, is likely to be questioned closely about his former boss.

Mr Michael Ledeen, a National Security Council consultant, who was close to the Israelis in the Iran arms sales operation, is to appear on Friday.

Lionel Barber on a Democrat presidential candidate who is not afraid of self-promotion

Babbitt sets out to polish his image

MR BRUCE BABBITT, one of the more thoughtful Democrat presidential candidates, was standing in the middle of a herd of pigs.

"Duroc crossbred sows," grunted an appreciative Mr Charlie Duffy, owner of the 220-acre organic farm in eastern Iowa which had just received Mr Babbitt and his political entourage.

Almost all publicity is good publicity for Mr Babbitt, 48, the lanky former two-term Governor of Arizona who says he arrived in ths crucial mid-west farming state a year ago in "terrible anonymity."

So he joined 7,500 cyclists in the Des Moines register's annual bicycle race across Iowa. What he lost in pounds, he gained in headlines. Last month he splashed out $140,000 (£86,000)—half of his allotted television advertising budget—simply to promote his name.

More than seven months remain before the Iowa caucuses, the first chance for Democrats to cast their vote for a favourite. The premature exit of the party's front runner—Mr Gary Hart—has whetted appetites among the seven declared Democrat candidates who know that Iowa can be the springboard for the nomination.

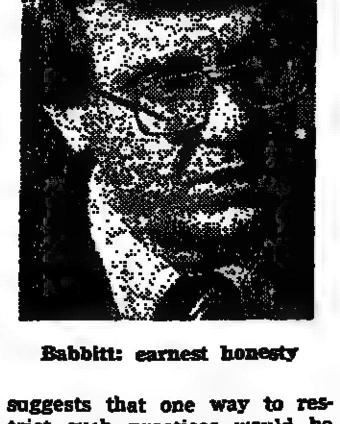
Of all Mr Babbitt's qualifications for the presidency, the most attractive is that he is a Democrat who knows how to govern in a Republican environment. He served nearly nine years as Governor of Arizona, a sun-belt state dominated by the conservative republicanism of Senator Barry Goldwater for more than 25 years. In 1982 he was re-elected to the job with 62.5 per cent of the vote, the highest re-election majority since World War Two.

As a western Democrat with a distinctly non-ideological approach to politics, Mr Babbitt appeals as a "new deal-maker," an astute managerial type who has a good grasp of detail—and a track record. At least once in every speech he manages to drop references to a 1986 national survey by Inc Magazine which showed the Arizona economy as the fastest growing in the Union.

Mr Babbitt is also attracted to new ideas. His compact campaign slogan is that he "dares to be different," and he considers some of his early proposals to be progressive: means-testing for social security, Medicare and tax deductions (such as mortgages on second homes).

Mr Babbitt says social programmes should be "targeted on the basis of need;" his proposals would in fact go much further than say, Mrs Thatcher, in removing government benefits and subsidies from the middle classes and confining them to those who really need protection.

Mr Babbitt has spiced his domestic agenda with some modern populism. He says he was outraged to read about the multi-million dollar bonuses recently paid to senior managers at General Motors, while workers were either sacked or forced to swallow wage cuts. He



Babbitt: earnest honesty

suggests that one way to restrict such practices would be to remove tax exempt status to corporate bonuses (just as Federal law imposes some curbs on corporate pension benefits).

"We also need a better mechanism for settling labour disputes in this country instead of the courts," says Mr Babbitt who fancies himself as something of a labour relations buff having called out the Arizona National Guard in 1983 during a bitter local copper mine strike, and two years later acted as moderator between management and unions.

By far his most ambitious idea concerns reform of the world trading system. President Babbitt, we are told, would call foreign leaders to an international conference modelled on Bretton Woods, the epoch-making 1944 international agreement on exchange rates. He would propose scrapping all tariffs and quotas and invent a new world of "multilateral balance" —whereby any country running a trade surplus over an agreed threshold would be required to take corrective action.

As set out in a recent Washington Post article, the idea appeared to ape Congressman Richard Gephardt's retalliatory mechanism in the House Trade Bill. Mr Babbitt says the reverse is true: the target country itself would bear responsibility for cutting it surplus, not the plaintiff. "Faced with that choice, I believe it would opt to open its markets," he says in an argument which is stronger on description than prescriptions.

Out on the road, Mr Babbitt has a disarming tendency to use a paragraph where a sentence will do. Being a cerebral type, he uses words like "oxymoron" in front of voters—which certainly gives a new meaning to substantive smalltalk. He is not a great stump speaker, rating way below his challenger Senator Joseph Biden and the New York Governor Mr Mario Cuomo, who says he is not running.

There is, however, an earnest honesty about Mr Babbitt, whose south west drawl and clean good looks come across like James Stewart playing the sheriff to clean up the town. His advisers have yet to capitalise fully on this, concentrating instead on a stock speech which badly lacks resonance.

One version begins with young Babbitt in Bolivia in the summer of 1962. There, as a geology student, he saw "the face of starvation," whereupon he converted to the Democrat Party.

Three years later, in his third year at Harvard Law School, he read about Jimmy Lee Jackson, the black student shot dead in Selma, Alabama, for exercising his right to vote. He went to Selma, marched, and sang "We Shall Overcome." Suddenly he jumps to his call for a new moral direction in the 1980s, a new competence to deal with the Japanese and Mr Gorbachev, and a campaign against Wall Street speculators such as Ivan Boesky.

Like the candidate, the speech needs some polish. Mr Babbitt still has some way to go in his search for self-definition, but no further than the Democrat Party itself as it gathers its forces for the campaign next year.

IDB board seeks end to deadlock over vetoes

By Alexander Nicoll

THE BOARD of the Inter-American Development Bank is to meet in Washington today, in a renewed attempt to break a long deadlock over replenishment over the institution's resources.

Other countries have insisted on a 40 per cent veto, or the US plus two other executive directors. They say that to give the US virtual veto power — Canada would normally be expected to vote with it — would undermine the bank's multilateral nature.

At present, decisions are on a simple majority, and the 25 latin and Caribbean countries, to which IDB loans are made, have 54 per cent of the votes.

The US has mounted a campaign to exert greater control over the running of the bank, as the price for allowing it to step up its lending and play a fuller role in the plan by Mr James Baker, the US Treasury Secretary, to finance troubled, developing country debtors.

Other industrialised countries and Latin American member nations have accepted the thrust of the US argument but the debate has been stalled for months on a US proposal that each loan decision could be vetoed by a 35 per cent vote — the US plus one other

US Supreme Court lets banks place commercial paper

BY WILLIAM HALL IN NEW YORK

THE US commercial banking industry yesterday won another round in its long battle to become more heavily involved in the investment banking business. The US Supreme Court upheld a lower court ruling that lets banks place commercial paper.

The Supreme Court decision ends an eight-year legal battle, which began when the Securities Industry Association (SIA), the main trade association of Wall Street's investment banks, challenged a decision by Bankers Trust, a leading US commercial bank, to enter the rapidly growing US commercial paper business.

The long legal battle has been monitored closely by the rest of the US banking industry, which has seen many of its traditional blue-chip corporate clients satisfying a growing amount of their short-term borrowing requirements in the commercial paper market, as opposed to relying on short-term bank loans.

The Supreme Court, without comment, left intact a lower court ruling that banks may place commercial paper although it did not rule on the controversial question of whether they are premitted to underwrite commercial paper. This is the subject of a separate law suit now before the courts.

The latest action upholds a US Appeal Court decision of last December. This court rejected arguments by the SIA that allowing banks to deal in commercial paper could undermine the financial stability the US Congress sought to achieve through the passage of the 1933 Glass-Steagall Act, which separated US commercial and investment banking.

The Appeals Court ruled that Bankers Trust was not investing its own funds in speculative securities and was not buying commercial paper itself. The bank only acted as an agent in the commercial paper transaction and received a commission.

Bankers Trust welcomed the decision yesterday and said that it was "final confirmation" of the legality of its commercial paper placement service

The Bankers Trust case has been a cause cèlebre in the US banking industry. Several banks have followed its lead and moved into the business of placing commercial paper for their clients.

The Supreme Court decision yesterday will not affect the activities of US banks in the commercial paper market. They had been operating normally, pending the outcome of the Supreme Court case.

Fierce drought smites farmers in NE Brazil

By Ivo Dawnay in Rio de Janeiro

A NEW drought in the impoverished north-east of Brazil has bankrupted tens of thousands of small farmers and is causing grave national concern.

Droughts have devastated the region for centuries, recurring about every six or seven years and forcing mass emigration by families to escape starvation. They head for the richer industrialised regions of the centre-south and for the less populated lands of the Amazon region.

Mr Tarcisio Burity, governor of the state of Paraiba, has been i Brasilia to appeal for special aid for bankrupt farmers. The drought had reduced output of staples such as corn and beans to just 10 per cent of a normal harvest, he said.

Although the Government had introduced preferential interest rates of 6 per cent a year for north-eastern farmers, this was not enough.

Alfonsin visit raises hopes of US Falklands mediation

BY TIM COONE IN BUENOS AIRES

THE PRIVATE tour to the west coast of the US by President Raul Alfonsin of Argentina, which ends today, has raised further expectations of possible US mediation in the Falkland Islands dispute.

Mr Alfonsin has been accompanied by a high-powered delegation, including Mr Dante Capoto, the Foreign Minister, Mr Juan Sourouille, the Economy Minister, and Mr Theodore Gildred, the US ambassador in Buenos Aires. The envoy, who has been the prime mover of the tour, said at the weekend that the US wishes to see "important issues" regarding the islands being dealt with "this year."

Mr Caputo is to travel to Washington and New York this week, when he is due to meet Mr Robert Gelbard, the US Deputy Assistant Secretary of State for South America, Mr Javier Perez de Ceullar, the UN Secretary-General, and the Argentine delegation at the UN.

Mr Alfonsin said just over a week ago, during his visit to Switzerland, that the Swiss and US Governments were looking for ways forward on the dispute. This raised speculation that possible contacts with a view to negotiations are in the pipeline.

However, the sovereignty issue remains the principal obstacle to a renewal of talks. Argentina insists that there must be a British commitment at some point to discuss the issue, even if not immediately. The UK Government insists that sovereignty is not for negotiation.

WORLD TRADE NEWS

US criticised for 'failures' in Japan deals

THE PRESIDENT of the Kansai International Airport Company (KIAC) yesterday berated foreign companies for not trying hard enough to win contracts for the controversial ($6bn) construction project, Reuter reports from Osaka.

"Whether Americans are putting enough effort into entering the Japanese market... is doubtful," said Mr Yoshio Takeuchi.

The plan to build the airport outside this industrial city has turned into a major international row.

Foreign countries, led by the US, have charged Japan and the KIAC with shutting them out of the lucrative construction project, due to be completed in 1993.

But Mr Takeuchi said that it was up to foreign companies to change their ways and adapt to the Japanese markets if they wanted a piece of the action.

They should not expect Japan to change to meet their demands, he said.

As if to drive his point home, Mr Takeuchi last week rejected US calls for changes in the design teams and bidding procedures for the project.

"Unlike American firms, we have a large number of in-house engineers," he told US Commerce Undersecretary, Mr Bruce Smart in a letter. "We therefore do not intend to include foreign or any other outside firms in our design teams."

"The Japanese put forth a lot of effort in trying to export," Mr Takeuchi said. "They strive hard to overcome language, culture and other differences."

But foreign companies did not seem to put as much effort in penetrating the Japanese market. Some even believed they could enter the local construction market without speaking Japanese, he said.

"Whether it's civil engineering or whatever, work cannot be done unless the workers understand," Mr Takeuchi said.

But Mr Takeuchi said foreign companies would be given a fair chance to win contracts in the construction of the international airport.

Earlier this month, Kansai International awarded consultancy contracts to airport authorities from Britain, France, West Germany, and the US.

US and EC seek end to 'pasta war'

BY WILLIAM DAWKINS IN BRUSSELS

TALKS in the "pasta war" between the US and the Common Market resume today in what Mr Willy de Clerq, the European Commissioner for external trade, described yesterday as the "last round" of the year-long negotiations over EC pasta export subsidies.

Mr Jim Murphy, the assistant US Trade Representative, is to meet trade officials at the Commission today to press for substantial cuts in the subsidies the EC pays its producers.

However, Mr de Clercq said yesterday that any solution would have to leave subsidies unharmed. The two sides are committed to finding agreement by the time the US has legislated for the details of an accord over pasta and citrus fruit trade, which were the source of a major US-EC row last year.

Mr de Clercq announced yesterday that he would visit Washington between July 6 and 9 to try to head off protectionist trade legislation now being debated in the Senate and House of Representatives.

Mr de Clercq said he would be making no threats in Washington next month but that he would spell out the consequences for US interests in Europe if any trade legislation was passed that was "in flagrant violation of Gatt

EC acts to extend dumping duties

By William Dawkins in Brussels

THE European Community yesterday gave itself the power to extend anti-dumping duties to the components of products made in the EC.

The measure, agreed at a meeting of the Community's 12 foreign ministers, gives the EC one of the toughest defences against predatory pricing anywhere in the world.

An accord was worked out in principle last week by EC ambassadors, but the formal announcement was reserved for yesterday's foreign ministers' meeting to send a strong political signal to Japan, officials said.

While the measure is primarily aimed against Japan in response to a chorus of complaints from EC companies over alleged unfair trade practices, ti can be used against any exporter to the EC which tries to circumvent anti-dumping duties by setting up assembly plants inside the Community and using dumped parts.

"We cannot be accused of being weak by the people who make international trade more difficult," said Mr Leo Tindemans, Belgian Foreign Minister and chairman of yesterday's meeting.

In a reference to Japan's burgeoning trade surplus with the Community, he added: "If we cannot have an equilibrium in the trade balance, the situation becomes impossible. Something has to be done."

Commission officials denied that investigations had yet started into any so-called screwdriver plants, though Japan is said to have recently been building up manufacturing in the Community in photocopiers, weighing machines and electronic typewriters.

Anti-dumping measures can from now on be applied to EC manufacturers with close links to a company already subject to dumping levies. The new penalties would bite if the EC plant steps up output after duties on imports of a similar product are imposed.

They would only apply to products that are more than 60 per cent composed of parts from the country concerned, with the rest coming from any other source, in or out of the EC.

John Murray Brown reports on legislation aimed at controlling a booming industry

Indonesia takes the counterfeiters to task

Imitation may be a form of flattery but in Asia today it is also the backbone of a multi-million dollar counterfeit industry attracting the wrath of the US and, more recently, the European Economic Community.

Indonesia this week becomes the latest country to confront the problem when the military-backed Government of President Suharto puts an amendment to the 1982 copyright law before the People's Assembly. According to Mr Ismael Saleh, the Justice Minister, the new legislation covers foreign films, music, books and computer software and provides for stiff penalties of up to five years in jail with fines of $15,000—much in line with the US. The law is likely to be passed in September. Legislation on patent is expected to follow.

Officials appear keen to play down what is clearly a sensitive issue bearing on questions of sovereignty and national interest—a curious legacy of former President Sukarno, who in 1958 left the Berne convention on copyright in a blaze of anti-colonialist rhetoric, still popular in some quarters today. Whether or not the Government is now attempting to save face, there is little doubt the barrage of international criticism has quickened the pace of legislation. First there was the embarrassment of Mr Bob Geldof, the Irish pop singer, accusing Indonesia, or more accurately the country's cassette and video pirates, of making $3m from sales of tapes of the Live Aid Concert held to raise money for the starving of Africa.

More damaging, perhaps, has been the threat of trade sanctions under provision of the US Generalised System of Preferences used to help developing countries export to the US. Last July the International Intellectual Property Alliance, a US industry group, filed a petition to the trade representative in Washington under the 1974 Trade and Tariff Act calling for an end to GSP concessions to Indonesia. It cited "the pirated recordings of the Live Aid concert as a particularly pernicious example of the broader problem."

Such criticism is not likely to carry much weight in the assembly this week. Though it has yet to throw out one piece of legislation in 20 years, the legislature is expected to take a more than cursory look at this amendment, the first item debated since the general elections in April. As one official remarked: "There are more mavericks in the house this time."

President Suharto

Nonetheless, the decision to press ahead with reform has meant the GSP hearings have been suspended, providing the Government with valuable breathing space. The US was probably influenced by two keynote judgments recently passed in Indonesia's Supreme Court. Under the 1961 Trademarks Act, rights are created by first use, though registration has proved a good defence in a civil action for infringement. In December an Oregon-based shoe manufacturer successfully reversed an earlier decision by the Supreme Court taken in favour of the Indonesia counterfeiter. In March this year Revlon, the New York cosmetics group, won a similar verdict. The powerful US Pharmaceuticals Manufacturers' Association was subsequently persuaded to withdraw complaints filed on patent violations.

According to Mr Bambang Kesowo, head of the legal department at the state secretariat and a member of the 14-man presidential commission set up last July to prepare legislation, pharmaceuticals remains a major bone of contention. The Health Ministry is busy lobbying for an exclusion on patent, a position taken by South Korea and now the centre of a protracted dispute with producers in Europe and the US.

The ministry's concern is that in this $420m-a-year industry dominated by some 40 foreign companies including Glaxo, ICI, Beechams and the Wellcome Foundation, patent would give producers carte blanche to raise prices. An independent survey by the industry shows, however, that less than 5 per cent of products on the market would be covered, their patents having already expired. In any event, the new laws may prove harder to enforce. There is little sign shopkeepers are clearing shelves ahead of a clampdown. Th roadside photocopier still does a brisk trade and public libraries are not yet warning readers, as now happens in Singapore.

The impact of legislation on the economy is equally uncertain. No one really believes it will stem the downward trend in foreign investment ,which peaked in 1982 at $2.8bn, but fell last year to $826m.

For one thing, companies the law is deemed to protect are not necessarily the ones ready to invest in Indonesia. A computer software manufacturer, for example, may feel more confident about selling his product. However, he is unlikely to want to invest capital in Indonesian plant. Unlike India, where International Business Machines is now expanding operations, Indonesia has only a tiny pool of the skilled scientists and technicians necessary for such a joint venture. Even with the amendment passed, the EEC's concern is that it may lead to a bilateral agreement with the US, as happened in South Korea and which is still a matter of dispute between Seoul and Brussels.

"If there is no linkage, there is no value for third countries," says Mr Rudiger Wenk, the EEC delegate in Jakarta. The Commission would like to see Indonesia once again ratify the Berne convention.

Gulf nations seek lower petrochemical tariffs

GULF Co-operation Council (GCC) ministers open talks in Brussels with their European Community (EC) counterparts today on the contentious issue of European tariffs on Gulf petrochemical exports, Reuter reports from Riyadh.

The GCC—grouping Saudi Arabia, Kuwait, the United Arab Emirates, Oman, Qatar and Bahrain—has tried without success since 1981 to get the EC to cut or eliminate duties on their petrochemicals.

Gulf nations have spent billions of dollars building petrochemical plants and argue that the EC taxes are unfair in light of the low level of duties—sometimes nil—they place on imports from Europe.

The EC counters that since its taxes are imposed on imports from all nations, it would be unusual to grant special preference to the rich Gulf nations.

The Gulf grouping has never retaliated for the European duties, but has given indications it may seek to link action on that issue with agreement on co-operation in other areas.

The Saudi newspaper al-Riyadh said it haped "the new dialogue might bring more understanding from the EC. We have to create co-operation on an overall view, not a limited one tailored to Western interests alone."

The daily charged that EC "excuses and reservations on accepting competition from petroleum products from the Gulf are exaggerated."

Isuzu ships diesel engines to W Germany

By Ian Rodger in Tokyo

ISUZU MOTORS, the Japanese automotive group, has begun shipping 1,500cc diesel engines to Opel in West Germany in a deal expected to involve 42,000 engines a year.

General Motors of the US owns Opel and has a 38.6 per cent stake in Isuzu.

The deal will provide a major boost to Isuzu, which has suffered considerably in the past year from the high yen and intense competition in the domestic market. For the year to October 31, 1986, Isuzu had a net loss of Y3.98bn (£17m) compared with a net profit of Y13.38bn in the previous year.

Isuzu is a leading truck and diesel engine maker in Japan

Japanese loans sought for Polish car plant

A GROUP of four Japanese companies is asking the Government for loans to Poland so it can produce small passenger cars, officials said yesterday, AP-DJ reports from Tokyo.

The four are Daihatsu Motor Co and three trading companies —Mitsui, C. Itoh and Sumitomo Corp. They are trying to export a plant capable of making as many as 120,000 passenger cars a year and to transfer related technologies to the communist-bloc country.

Company officials refused to discuss the scale of the entire project. But a spokesman for Daihatsu said the export of the plant itself would be worth about Y40bn (£171m).

Though options are being considered, the group's stance to seek a full government commitment to providing the bulk of necessary loans stands unchanged, officials said.

The government is facing difficulties, however, since such assistance to Poland by Western nations has been halted as a result of that country's inability to pay back $33.5bn (£21bn) in debt accumulated by the end of last year.

Officials denied a newspaper report that the four companies are ready to seal an agreement putting into final shape the project, for which Daihatsu and Italy's Fiat have been vying.

The report said Daihatsu is expected to win the bid. It said, further, that the group will sign a final agreement as early as this summer, with production slated to begin next year.

A buzz to save horses from the bullet

Alan Cane reports on Electrovet, which promises faster and lower-cost treatment of tendon and other injuries

"ELECTROVET" an equestrian colleague said approvingly. "You've really hit the hottest topic in the horse world there!"

Tack rooms around Britain, it seems, are buzzing with interest in the Electrovet, a new technique for treating horses with tendon and other injuries.

It promises faster healing at dramatically lower cost and without recourse to traditional methods which, to the outsider at least, seem more related to medieval torture than veterinary science.

Electrovet is based on gentle electrical stimulation of the affected part at low levels of current and voltage. It has been described as a kind of electrical acupuncture.

Electrotherapy, the London-based company which manufactures and markets the device, suggests somewhat diffidently that the electrical field generated by the device reinforces the natural electrical activity which characterises a healing wound.

Electrovet comes to the aid of showjumper Ryan's Son, with rider John Whitaker (left) and Electrotherapy managing director Lord Robin Innes Ker (right)

In truth, it seems likely that nobody knows why it works, any more than Western medical specialists understand the physiological basis of acupuncture.

But of course, doctors have used treatments like aspirin for decades without a detailed understanding of how they work.

Electrotherapy and its managing director, Lord Robin Innes Ker, have nevertheless met with resistance from the veterinarian profession, a resistance which is only now starting to crumble in the face of the Electrovet's track record of success.

The fact is that a growing body of experts in horses and their ailments agree that Electrovet works and can bring the claimed benefits.

Convinced racehorse trainers include Peter Walwyn and Ian and Toby Boldwin; eventers like Ian Stark and Lucinda Green have used and endorse Electrovet, as does show jumper John Whitaker.

It also has the blessing of Elizabeth Launder of the Maple Stud near Cranleigh, Surrey, one of the most admired and respected of equine physiotherapists.

The equipment is simple: a battery-powered box of tricks which generates the healing current is strapped to the horse's back. Wires carry the current to the affected parts where contact is assured through pads soaked in water and electroconductive jelly.

The voltage is set at a level which causes the horse no apparent discomfort, and the animal can be freed to graze during the 90-minute treatment period.

It all seems a massively humane improvement on the traditional treatment for damaged tendons, a hideous business called "blistering" where the injury is scorched with hot irons. Nobody knows how that works either; there are theories that scar tissue from the blistering strengthens the tendon.

Humane treatment apart, a major justification for Electrovet lies in cost savings. Horses, as any Dick Francis fan knows, are flighty creatures prone to all sorts of ailments from pulled tendons to swollen joints. Tendons go under the kind of stresses imposed on them by racing. An expensive racehorse lamed by tendon trouble earns no fees and costs its owner a fortune in stabling and vet's charges.

Of course if they don't improve, they shoot horses don't they? One expert remarked bluntly: "What Electrovet does is tell you in a much shorter time whether a horse is worth saving or not."

The device has wider applications in the animal world. It has been used successfully on stud bulls, dogs and sheep. Lord Innes Ker, a former soldier who saw service in the Falklands, has sold the device to sheiks in the Middle East for use on racing camels. A top racing camel can be worth £1m.

The Electrovet can be bought, leased or rented for around £8 a week, Electrotherapy says. Call out charge for a vet these days is around the £25 mark, which would seem to make the electrical outsider a good, each-way bet.

WORTH WATCHING

Edited by Geoffrey Charlish

Sony's tiny screen takes to the air

FURTHER entertainments for airline passengers are on the way from Sony in Japan, which has developed a four-inch, flat colour screen system that will be installed in the backs of the seats. Designed in conjunction with Californian company Trans Com Systems, ACSES (airborne cabin service and entertainment system) will offer three channels of dual language video, local TV, views of the take off and landing, a choice of video games and nine stereo audio channels.

Setting sail by satellite

NIPPON KOKAN, the Japanese steel, engineering and shipbuilding group has developed a ship navigation and operational control system in conjunction with Ocean Routes, the US-based international company which provides weather/routing information services to the shipping world.

The system is called MITS (Master's Intelligent Terminal System). It uses the Inmarsat (International Maritime Satellite Organisation) system for ship to shore communication via satellite. On shore, Ocean Routes compiles weather and route data which is sent to a personal computer (PC) on the ship. The computer also gets inputs from navigational, engine and other sensors. Then, software in the PC allows the best route and engine speeds to be selected and the course to be steered automatically. MITS will also sound an alarm if the hull is endangered by bad weather. In addition it can send data about the journey to the shipping line's shore-based computer.

Where you are on London's tube

FROM THIS autumn, new prototype rolling stock will be tried out on the Piccadilly and Jubilee lines of London's underground system. The new trains will make it easier for passengers to know where the train is on the line.

The trains will use a system from Racal Acoustics of the UK called AVAD (audio voice alerting device). This has already been used on North Sea helicopters to warn pilots of impending hazards.

On the trains, a digitally stored voice will call out the stations to passengers just before arrival. There will also be indicators at the ends of each car which will alternate between final destination and the next stop the train will make.

Safer signposts down the road

CRUMPLED AND distorted road-side signposts can be avoided with a design by Wicksteed Leisure of the UK.

When conventional posts are hit they often embed themselves in the vehicle, possibly injuring the occupants and certainly damaging the car.

The Wicksteed post has a flange at the bottom which sits on a similar flange which is part of a buried base. The two flanges are connected by special bolts which shear when the impact occurs, absorbing most of the energy. The post can be re-erected with new bolts in a few minutes. To cut costs, a conversion upper flange kit allows existing stocks of posts to be used. The company claims the new posts pay for themselves very quickly at vulnerable road-side locations.

Miniature view of telephone callers

ELECTRONICS group Sony and Nippon Telegraph and Telephone, the Japanese telecoms operating company, have jointly developed a very small videophone that will be on sale in Japan soon for about $350. With a four inch picture and miniature camera, the unit can send pictures over normal telephone lines.

Nasa lines up warning system

THE ENGINEERING reporting troubles discovered within the National Aeronautics and Space Administration (Nasa) at the time of the shuttle disaster are unlikely to be repeated when the Administration's new safety reporting system (NSRS) is established.

NSRS is to be designed and implemented by Battelle, the US research group of Columbus, Ohio, under a $385,000 14-month contract. Its purpose is to provide a voluntary, direct and confidential reporting line so that the 100,000 employees of Nasa and its contractors can notify headquarters of any safety concerns they have.

Employees will mail report forms direct to Battelle, which will remove employee identification before passing the data to Nasa. No record will be kept of the reporting individual, who will also be able to indicate his or her own assessment of the likely consequences if no action is taken.

UK management brought to book

SEVERAL THOUSAND company directors in the UK have just received 120 pages of guidance about managing technology and the courses that are available in Britain on the subject.

The book was sent by Jupiter (joint universities and polytechnics industrial technology and research), an organisation sponsored by 30 government, industrial, professional engineering and higher education bodies.

Jupiter says the book is a unique guide to over 90 courses on the management of technology. Further copies are available.

CONTACTS:

NKK: Tokyo, 212 7111. Sony: UK office, (784 61666. Jupiter: UK, 0896 73504. Wicksteed Leisure: UK, 0536 517028. Racal: UK, 0734 782156. Battelle: UK office, London, 493 0184 or (614) 424 4717 in the US.

Danes achieve a "significant advance" in insulin research

BY HILARY BARNES IN COPENHAGEN

NOVO, the Danish biotechnology group says it has made the most significant breakthrough in insulin research since insulin was first isolated in laboratories in 1921.

The company is the world's second largest producer of insulin, and believes its work will lead to completely new series of insulins for the treatment of diabetics. Commercial products, however, are still at least five years away.

Novo has applied for patents on the new products as well as for patents on the technology for their production.

Its scientists say they have isolated a series of new insulin molecules which closely imitate the behaviour of those produced in the body by non-diabetics. This opens the way to more effective and convenient treatment.

The new products on which Novo is working include an extra rapid acting insulin which imitates the short-lived insulin secretion that takes place in non-diabetics at mealtimes, and a soluble long acting insulin which imitates more normal insulin secretion.

Cheap text entry for PC users

BY GEOFFREY CHARLISH

PAGES OF typewritten or typeset material, almost regardless of the type fount or size, can be quickly scanned into an IBM personal computer (PC) using an £8,000 system from Kurzweil Computer Products (Cambridge, Massachusetts and Reading, UK).

Discoverer 7320 consists of the desktop scanner and a circuit board that plugs in a spare slot in the PC. It will deal with a page a minute, taking typeface changes between eight (2 mm) and 24 point (6 mm) in its stride, and even coping with skewed positioning of the sheet of paper. Graphics are ignored on the text scan and are captured on a second run using the "bit map" facility at selectable definitions up to 300 dots per inch. Once captured, the material can be edited and arranged using appropriate word processing or desktop publishing software in the PC.

Kurzweil's important achievement with Discoverer 7320 is in setting such a low price for a versatile machine that produces only a handful of wrong characters per page (easily corrected on screen). Previous systems from the company, with similar abilities, but aimed at the shared minicomputer market, were four or five times more expensive.

Such systems are bound to be in increasing demand as more companies keep their information on electronic databases.

Most commercial systems, when they "go electronic," have a backlog of paper that needs conversion and a subsequent input of new paper that must be put into the system. The alternatives so far, for say, systems with a few networked PCs, are either to key in the paper, which is expensive, or buy a page reader—at prices which, for good machines, have been in the £30,000 to £40,000 bracket.

B&C to pay £427.5m for Caledonia stake

BY CLAY HARRIS

BRITISH & Commonwealth Holdings, the financial services and industrial group, is to pay £427.5m to buy most of the stake owned by Caledonia Investments, its largest and oldest shareholder.

The disposal will end more than a century of executive involvement by the Cayzer family, whose shipping line was the seed for the diversified company which now has a market value of more than £1.5bn.

It comes only eight months after Mr John Gunn brought a new management team into B&C and seven months after he masterminded the £673m purchase of Exco International, which he had previously built into the world's largest money broker.

Mr Gunn this week succeeds Lord Cayzer as chairman.

The Exco deal led directly to yesterday's disposal. As a result of that acquisition, the B&C stake held by Caledonia, the Cayzers' listed investment vehicle, fell from 46.6 per cent to the present level of 31.3 per cent.

Any future acquisitions involving the issue of B&C shares would have obliged Caledonia either to commit more money to B&C, which already accounts for 90 per cent of its gross assets, or to see its stake fall below the 25 per cent level at which it would lose tax advantages on an eventual disposal.

Caledonia expects no capital gains tax liability because of the structure of the disposal, which involves an initial £100m cash payment and the issue of preference shares, which will be redeemed in four annual instalments between 1988 and 1991.

Mr Peter Buckley, who will be Caledonia's only non-executive director at B&C, said that the shares had not been offered to any other party. Caledonia will use the proceeds to increase its holdings in property and listed investments. Its stake in B&C will fall to 4.9 per cent.

B&C will retire 90m of its 324m ordinary shares as a result of the deal. It expects to be able to offset additional advance corporation tax payments against other tax liabilities.

The purchase of the shares would have no effect on earnings per share this year, Mr Gunn said, but would provide an annual enhancement of 10 to 15 per cent afterwards.

B&C separately announced yesterday that it had shelved plans to introduce outside equity investment into Bricom, the subsidiary created to manage its non-financial interests. It had already scaled down the size of the minority from 20 per cent to 5 per cent.

Mr Gunn said: "For all the fuss it would create, there's just no point."

B&C no longer thought that the discipline of external capital was necessary to get the best out of the businesses.

Scottish textile company sheds 630

By James Buxton, Scottish Correspondent

DAWSON INTERNATIONAL, the Scottish-based textiles company, is to close a large knitwear plant at Coatbridge in Lanarkshire with the loss of 630 jobs, the company announced yesterday.

The future of a dying and finishing plant which employs 160 people at Alva, near Stirling, is also in doubt.

The decision to close the Coatbridge plant follows Dawson's failure to find a buyer for its subsidiary, Mackinnon of Scotland, which manufactures knitwear under contract for major retailers. Dawson decided to sell Mackinnon because of the heavy losses it was making.

Last month Dawson announced the closure of Mackinnon's plant at Irvine in Ayrshire with the loss of 160 jobs.

Dawson said yesterday that contract knitting was not compatible with the group's mainstream business of bespoke knitwear.

Dawson still hopes to find a purchaser for Mackinnon's dying and finishing plant at Alva, the Cobblecrook Dying and Finishing Company.

Dawson believes it is better operating in market sectors where it can set prices.

Bracken House deal raises City property stakes

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

BRITISH PROPERTY development companies were effectively frozen out of the informal tender which led yesterday to the sale of Bracken House in the City of London to Ohbayashi Europe for £143m cash.

The deal underlines the growing interest of Japanese investors for sterling property assets. It illustrates that Japanese companies are prepared to pay heavily for what are classified as "landmark buildings".

Bracken House, built in the 1950s as the headquarters for the Financial Times, is on an island site of 40,000 square feet just opposite St Paul's Cathedral and close to the Bank of England, the traditional heart of the City of London. Such property does not often come on the market.

Ohbayashi paid £3,575 a square foot for the site – "in excess of anything achieved thus far," according to Mr Michael Stephens of St Quintin, the surveyors advising Pearson. British developers in the past have been prepared to pay around £2,000 a square foot for City sites which have planning consent for redevelopment.

With few exceptions they could not contemplate prices of £3,000 plus. Not only would it be difficult to put hands on the cash, but it would also mean more money tied up in one scheme than most would consider prudent.

One active developer said, in reaction to the Ohbayashi deal, that it would be difficult in the future for British property companies to compete at the new level of prices likely to prevail for sites in the best City of London locations.

While the Bracken House sale has the effect of pushing upwards the value of sites in the central City district and could thus mean a re-rating of property companies active in the City, it will make it more difficult for them to replenish their stock for redevelopment.

The difficulty has in any case been developing as City property prices have spiralled upwards in response to the pressure on space caused by the expansion of London as an international financial centre.

But the presence of foreign investors working to a different set of financial criteria from British developers adds a further layer of increase on property prices. Pearson sought to obtain a return on Bracken House, in the books at about £20m, which exploited the existence of that layer.

There were two ways in which it could do this. It could sell the property to an American owner-occupier. Or it could sell it to Japanese interests.

In the end Pearson's informal tender came down to Japanese companies competing against each other. So what happened over Bracken House is a small-scale version of what has been happening in the US, where Japanese companies made property investments last year of about $4bn, and this year could spend $6bn.

If the Japanese interest in the British market continues – and the British market in this context really means central London – then there could be a repetition of the US situation. There, Japanese buying has underpinned the top range of the offices market.

"Should the Japanese cease buying US real estate, or become less aggressive in their purachses, prices for quality US office buildings could fall by about 10-15 per cent," calculated Salomon Brothers, the investment bankers.

In the UK, the Japanese drive into property has been led by the construction companies, notably Kumagai Gumi, and has been followed through by the trading houses such as C. Itoh. At the same time, Japanese banks have substantially expanded their lending to British property companies – they accountted for 5 per cent of new money provided to the sector last year. The proportion will be higher this year.

The thrust of Kumagai Gumi's activities has been to buy sites as a vehicle for its own construction expertise. Ohbayashi seems to be following in its footsteps.

With Kumagai, Shimuzu, Kajima, Taisei (which has a joint venture with Hammerson in the City) and Takenaka Ohbayashi is one of the leading six Japanese construction companies. In the year to last March it had revenues of Y848bn (£3.6bn)

Surveyors active on the City market said that Ohbayashi had tried to buy at least three other properties before it clinched the Bracken House deal.

Possibly, Ohbayashi will redevelop the building for one of the expanding Japanese banks or securities houses. Mr Andrew Mayer of Vigers, the surveyors with an extensive list of Japanese clients, noted that the Japanese institutions often seemed more comfortable taking property from a national counterpart.

But redevelopment will need planning consent from the City of London Corporation. On the basis of costings done by Pearson, redevelopment would need an investment of about £40m. Because the site is near St Paul's Cathedral, any new building will be restricted in height.

'Spy book' newspapers thwarted courts

By Raymond Hughes, Law Courts Correspondent

THE PUBLICATION by three newspapers of extracts from the memoirs of former MI5 officer Mr Peter Wright was "a stark example" of criminal contempt of court, counsel for the Attorney-General said in the Court of Appeal yesterday.

The Independent, the London Daily News and the London Evening Standard had known that injunctions were in force stopping the Guardian and Observer printing Mr Wright's allegations of secret services treason and misconduct, Mr John Laws said.

They had gone ahead with publication "because they preferred their own view of the public interest to that of the court." In doing so they had usurped the judicial function and thwarted court orders.

The Attorney-General, Sir Patrick Mayhew QC, was appealing against a High Court ruling clearing the three papers and their editors of criminal contempt.

Mr Laws said that the injunctions against the Guardian and Observer had been designed to preserve the "status quo of silence" and protect the Government's claim that Mr Wright's allegations were a danger to security until the issues were tried. The hearing continues.

Coal union prepared to consider 6-day shifts

BY CHARLES LEADBEATER, LABOUR STAFF

THE INTRODUCTION of radical changes to working arrangements in Britain's coal industry came a step closer yesterday, when the leader of the Nottinghamshire-based Union of Democratic Mineworkers (UDM), said the union was prepared to negotiate over the introduction of flexible shift patterns to allow six-day coal production.

The union was formed two years ago by mineworkers who opposed the leadership of the National Union of Mineworkers (NUM), the main coal industry union, during the year-long pit strike.

Mr Roy Lynk, the UDM president, speaking at its second annual conference, said the union was prepared to consider revised shift patterns, although it would not cast aside lightly the industry's 40-year-old, five-day week agreement.

The UDM's willingness to consider flexible shifts, will be a boost for British Coal's plans to modernise the industry, which have run into opposition from NUM.

Under British Coal's proposals, which are intended to allow more intensive working of costly new technology, miners would work longer daily shifts within a shorter working week or month.

Proposals for flexible shifts at the drift mine the corporation plans to develop at Margam, South Wales, have been strongly opposed by Mr Arthur Scargill, the NUM's president.

Should the NUM's annual conference next month support Mr Scargill, it is likely that British Coal will turn to areas where the UDM is in a majority as the main targets for its modernisation plans.

The corporation has already indicated that it is considering new working methods at two collieries it plans to develop in areas where the UDM is strong.

UK NEWS

Benefactor offers cash for drug case claimants

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ANONYMOUS benefactor has offered financial support to 500 arthritis sufferers faced with having to withdrew from litigation over the drug Opren because of prohibitive legal costs.

The arrival on the scene of the mystery "Fairy Godparent" was revealed in the High Court in London yesterday when Mr Justice Hirst said that the intervention had "potentially revolutionised" the position of non-legally aided plaintiffs.

Last month the court ruled that a small number of "lead" cases should be selected to come before the court first, with the costs being borne equally by all 1,500 claimants, regardless of whether they were legally aided.

The ruling was a setback to non-legally aided claimants who had hoped to ride on the back of the lead cases.

Announcing a revised timetable for the litigation yesterday, Mr Justice Hirst said that just over 120 plaintiffs had discontinued the action – though not all because of the costs ruling – and the court had been told that, but for the providential intervention of the "Fairy Godparent," most of the remaining non-aided plaintiffs would have been likely to follow suit.

The judge said that a delay of a few months to enable a proper scheme to be formulated seemed a fair price to pay for ensuring that the non-legally aided plaintiffs were in a position to take full advantage of the "Fairy Godparent's" generosity.

Mr Justice Hirst stressed that no non-legally aided plaintiff could "absolutely count on support" until a proper scheme, with safeguards against, for example, unjustified rejection of settlement terms that a plaintiff's counsel advised were reasonable, had been set up.

The scheme would come before the court for approval on September 28 and 29; the deadline for plaintiffs to withdraw without incurring liability for costs would be extended to October 9 and the date for nominating the lead plaintiffs to November 6. The court aimed to make the final selection of lead cases early next year.

Applications by plaintiffs who had discontinued their claims to have them reinstated in view of the intervention of the unknown benefactor, would be considered on their merits, the judge said.

After yesterday's court hearing Mr Rodger Pannone, a solicitor for the plaintiffs, said that it was "premature" to reveal the identity of the benefactor.

The 1,500 plaintiffs are claiming damages for personal injuries allegedly caused by the side effects of Opren, which was withdrawn from sale in 1982 after it had been linked with 74 deaths

ICI board flies out for US meeting

By Nick Garnett

IMPERIAL Chemical Industries (ICI) will break with tradition by holding its next board meeting at the New York Stock Exchange, the first time in the company's 61-year history that its board has met outside the UK.

The board, including seven non-executive directors, will convene in New York tomorrow at the invitation of the stock exchange. The company says there could be further board meetings outside the UK.

The decision to hold a board meeting in the US rather than at its Millbank offices in London partly reflects the increasingly international scope of ICI's business activities and in particular the spectacular growth in the importance of the US.

ICI has increased its sales in the US 15 times in as many years and expects turnover from there to be around £3.08bn by 1990.

It has spent more than £1.85bn there on acquisitions during the past few years and employed 21,000 people in North America before the sale of Stauffer, the specialty chemicals business, announced yesterday.

About 20,000 Americans now hold 12.5 per cent of ICI stock and a quarter of the total trading volume in ICI shares takes place in the US market.

Mr Denys Henderson, ICI's chairman said yesterday, before the board left for a four-day visit to its North American operations: "ICI is increasingly international in its activities and while it will remain firmly a British-based company, it is determined to have a substantial manufacturing and selling operation in the major markets of the world."

An ICI dinner before the board meeting will include Mr Malcolm Baldrige, the US Secretary of Commerce.

Rifkind cool on Scots assembly

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

MR MALCOLM RIFKIND, Scottish Secretary, yesterday expressed deep scepticism that a desire for a Scottish assembly was an important issue among the people of Scotland.

"It's an issue among politicians, it's an issue among the press. It may be an issue among the public, but how does one tell that on the basis of the actual evidence that is available?" he said in an interview with the Financial Times.

Mr Rifkind was commenting on calls by the Labour Party that the Conservative Government change its policy on Scottish devolution and set up a Scottish assembly in Edinburgh. A number of Scottish Conservatives have also said that their party must adopt a pro-devolution policy.

The calls followed the Conservative Party's dismal showing in the general election in which they lost 11 of their 21 seats in Scotland and their share of the Scottish vote declined from 28 to 24 per cent.

Mr Rifkind said the Scottish Conservative party was engaged in a "genuine, internal and public analysis" of its policies in Scotland.

He said the Labour Party, which now has 51 of the 72 Scottish parliamentary seats, a gain of nine, wanted the Conservatives to implement Labour policies in Scotland, including its policy on devolution. He said: "I have not the slightest intention of doing this."

"Let us assume that Labour had won the election on the Scottish and Welsh strength of the Labour Party. Are they seriously suggesting that England would be spared Labour policies on the grounds that the English constituencies had voted Conservative? If not, doesn't that show how absurd the argument is?"

Mr Rifkind said that out of the 2,000 to 3,000 people he had spoken to during the election only three had raised the issue of devolution – "32 if you include journalists."

"I've always said that if in any part of the United Kingdom there is an obvious demand for some kind of constitutional change then... the Conservative Party would in due course respond to it."

But, he pointed out, the last such demand had led to Labour's Devolution Act of 1978 which was rejected by Scotland in a referendum.

Mr Rikfind resigned from the Tory front bench when it voted against Labour's devolution bill, which would have involved a Scottish assembly without tax-raising powers and without an executive. The Labour Party now favours an assembly which would have the power to raise taxes and would report to an executive.

Hospital reports rise in City cocaine addicts

BY FIONA THOMSON

A GROWING number of patients attending private hospitals for cocaine addiction are City of London employees, according to Mr Tony McLellan of the £190-a-day Charter Nightingale Hospital in West London.

Mr McLellan, programme director for the hospital's addictive diseases unit, said yesterday that most of its cocaine-addicted patients were high-income, high-flyers in industry and the City.

Of the unit's 19 beds, an average of five to seven would be occupied by cocaine addicts. "Of these, five would be the City type," he said. "We are seeing more and more people coming in from this background. It is just the tip of the iceberg."

Charter's treatment for cocaine addicts involves six weeks hospital treatment and a full year of aftercare out-patient treatment. It costs £7060.

The cost does not deter companies paying for their employees to have treatment, according to Mr McLellan. "An employee can cost his company that amount of money in 10 minutes with a wrong decision."

Dr Robert Friedell, medical director of Charter Medical Corporation of the US, the hospital's parent company, said cocaine was a middle and upper-middle-class addiction. It was both physically and psychologically addictive.

"People are very loathe to give it up. They all think 'I can handle it.' They are fooling themselves. The majority cannot handle it."

Company Notices

UNILEVER N.V.
ROTTERDAM

CERTIFICATES FOR ORDINARY CAPITAL ISSUED BY N.V. NEDERLANDSCH ADMINISTRATIE-EN TRUSTKANTOOR

DUTCH CERTIFICATES

The undersigned hereby announce that the General Meeting of Shareholders of Unilever N.V. held on 20 May 1987 resolved to alter the Articles of Association in that each of the Ordinary Shares of Fl.20 nominal will be split into five Ordinary Shares of Fl.4 nominal. As a result, the trust certificates (depositary receipts) issued for Ordinary Shares by N.V. Nederlandsch Administratie- en Trustkantoor will be split accordingly.

As from 29 June 1987, therefore, the certificates for Ordinary Shares should be surrendered for conversion into new certificates for Ordinary Shares to the head offices of
Amsterdam-Rotterdam Bank N.V.
Pierson, Heldring & Pierson N.V.
Algemene Bank Nederland N.V.
in Amsterdam and Rotterdam.

In the United Kingdom and Ireland, **Midland Bank plc**, Stock Exchange Services Department, Mariner House, Pepys Street, London EC3N 4DA will be responsible for exchange of the "K" certificates *but not the "CF" certificates.*

The certificates for the Ordinary Shares to be surrendered should — in the case of "K" certificates — be accompanied by dividend coupon No. 119 et seq and voucher. The certificates for Ordinary Shares will be obtainable in "K" certificate denominations of 1 x Fl.4, 5 x Fl.4, 25 x Fl.4 and 250 x Fl.4 nominal, and in "CF" certificate denominations of 1 x Fl.4, 5 x Fl.4, 25 x Fl.4, 250 x Fl.4 and 25,000 x Fl.4 nominal.

The "K" certificates will be accompanied by dividend coupon No. 1 et seq.

Where the certificates for Ordinary Shares are tendered by a bank or stockbroker, they should carry on the face of the mantle a stamp showing the name of such bank or stockbroker. Certificates should be bundled by denomination in numerical sequence in quantities of 100. A duplicate list should accompany the exchange, one part of which should be firmly attached to the relevant bundle. Both parts of the list must show the total number of bundles that make up the particular exchange.

The 'Vereniging voor de Effectenhandel' (Securities Trading Association) has been asked to rule that, with effect from 29 June 1987, listing will be made for each certificate for Ordinary Share of Fl.4 nominal.

In order to ensure that the surrender for conversion can be effected without cost to the holders of certificates for Ordinary Shares, the prescribed commission fee will be paid to the member of the 'Vereniging voor de Effectenhandel' up to and including 29 September 1987.

Those persons who surrender their certificates for Ordinary Shares to bank branches other than those mentioned above with a request for conversion into certificates for Ordinary Shares will, in accordance with the regulations of the 'Nederlandse Bankiersvereniging' (Dutch Bankers' Association), be charged the customary commission fee.

ORDINARY SUB-SHARES OF FL.12

As from 29 June 1987 holders of Ordinary Sub-Shares of Fl.12 issued by Nederlandsch Administratie- en Trustkantoor in the name of Midland Bank Executor and Trustee Company Limited now Midland Bank Trust Company Limited who wish to convert their holdings into Dutch Certificates, will receive Dutch Certificates for three Ordinary Shares of Fl.4 each for each Fl. 12 Sub-Share surrendered. No fee will be charged *for these conversions.*

UNILEVER N.V. — **N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR**

Rotterdam/Amsterdam — **22 June 1987**

UK NEWS

Nuclear companies link for reprocessing venture

BY DAVID FISHLOCK, SCIENCE EDITOR

A NEW British nuclear consortium, British Nuclear Technology, has been formed to exploit an international market for the technology of spent fuel reprocessing and radioactive waste management.

British Nuclear Technology, based initially at the headquarters of British Nuclear Fuels (BNFL), at Risley in the north west of England, consists of BNPL and its five main design contractors for its Sellafield factory in Cumbria, also in the north west.

The five are Babcock Woodhall-Duckham, Costain Petrocarbon, Davy McKee Nuclear, Humphreys and Glasgow, and John Brown Engineers and Constructors.

The six companies are collaborating in the design and construction of the £1.85bn thermal oxide reprocessing plant (Thorp) at Sellafield, and associated waste treatment projects intended to reduce the factory's radioactive discharges to low levels in the 1990s.

Thorp, expected on-stream in 1992, has reprocessing orders worth £4.1bn, of which £2.5bn are export contracts.

The chairman of British Nuclear Technology is Dr Bill Wilkinson, BNFL's deputy chief executive and director of spent fuel management services.

He said he expected to see BNFL technology in two commercial reprocessing plants currently being designed in Japan and West Germany.

Dr Wilkinson said the fact that the French SNG consortium had already been awarded the design contract for the Japanese project did not preclude the British company from undertaking parts of the design.

Britain, France and West Germany have a reprocessing market collaboration called United Reprocessors GmbH, which also includes an exchange of research data. But commercial designs based on this data remains proprietary and is exchanged under normal commercial agreements.

Another target of British Nuclear Technology would be the US market for radioactive waste management.

Its first task was to make the range of technology based on BNFL research and development known to the international nuclear industry, Dr Wilkinson said. It would do this through the subsidiary and affiliated companies of the six members of the new consortium.

Engineering unions firm on unified hours cuts

BY JOHN GAPPER, LABOUR STAFF

ENGINEERING employers must agree to implement phased cuts in working hours at 5,000 companies on that same date each year if a wide ranging deal on increased flexibility was to be reached, union leaders said yesterday.

Mr Gavin Laird, general secretary of the Amalgamated Engineering Union, said that it was essential that the planned reduction in the working week from 39 to 37½ hours was introduced in unified stages rather than by each company to coincide with its annual pay round.

He said: "This is absolutely fundamental as far as we are concerned. If the employers do not agree to it, then in my opinion there will be no deal."

Mr Laird was speaking on the eve of the Confederation of Shipbuilding and Engineering Unions' annual conference.

Mr Alex Ferry, the confederation's general secretary, said that about 12 smaller differences remained between the confederation and the Engineering Employers' Federation over the planned agreement, but he believed these could be resolved.

The federation, which will be meeting the unions again to give its response on July 27, has said that the cuts in working hours should be implemented by each company individually in half-hour stages over three years.

Mr Laird, the incoming president of the confederation, said that its affiliated unions wanted the reduction to come in two stages, in November 1988 and November 1989. "We have said no to three stages and we are very rigid about that," he said.

The confederation's conference is to discuss the agreement tomorrow and will consider a motion from the metal mechanics section of Tass, which represents white-collar workers in engineering, that the shorter working week "should not be at the expense of hard-won conditions and procedures long established."

The deal on increased worker flexibility has been under discussion for three years and has faced some opposition because of fears it could eventually lead to negotiating rights being taken away from unions which represent a minority of workers at local plants.

Several of the smaller differences remaining over the agreement are regarded as matters of wording.

Fifth TV channel 'feasible'

By Raymond Snoddy

THE GOVERNMENT is considering the possibility of more television channels in the UK as part of its review of British broadcasting.

A study commissioned by the Home Office into the viability of subscription or pay-per-view as a long-term alternative to the BBC licence fee also suggested there was room for more channels.

The study by CSP International, (now part of Booz Allen, the US consultants) which is to be published soon, argued that there were enough VHF frequencies to operate a new national fifth television channel and that local television stations could be created using UHF frequencies.

The study argued against the viability of subscription as a substitute for the licence fee but said that subscription could fund new services.

The BBC and the Independent Broadcasting Authority might run a subscription service after midnight, the report suggested, or a new fifth channel might be funded by subscription following the model of Canal Plus in France.

The study left open the option of whether local city television should be funded by subscription or advertising.

The Government was looking at the options although the Home Office has yet to be convinced that the frequencies could easily be made available to run additional services.

Frequencies being made available for local city television stations was seen as more likely than forming a new national fifth channel.

Although the CSP study questioned the viability of subscription as an alternative to the licence fee, senior ministers were still keen to introduce some subscription into BBC funding if possible.

The possibility of new television services and the role of subscription in British broadcasting are just two of the issues which have to be addressed before a new broadcasting bill is introduced into the House of Commons probably in autumn 1988.

Call for action on London traffic

BY RALPH ATKINS

TRAFFIC congestion in London will be eased only if there is a massive investment in public transport, says a report from the Docklands Forum, which represents community and business interests in Londons Docklands.

The report, compiled by Dr Martin Mogridge, a research fellow at University College Transport Studies Group, London proposes extending rail links across the capital and into poorly-served areas.

It also suggests introducing substantial restrictions on car use in central London and using the space for buses or trams.

The report sets out a transport plan for the whole of the capital for the next 40 years.

It says Londoners currently spend about £7bn a year on transport – or about £1,000 per head – and the cost of the proposed developments would only be a fraction of that if spread over 40 years.

The report also considers the transport problems that could face London in the next century. Dr Mogridge predicts that cars will become fully automatic using radar, satellites and local radio cells to navigate.

He also expects that space travel will become common

A strategic transportation plan for inner east London. The Docklands Forum, 192 Hanbury Street, London E1 5HU. £2.

NOTICE OF REDEMPTION

To the Holders of

UB FINANCE B.V.

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NOTICE IS HEREBY GIVEN pursuant to the provisions of paragraph 5(b) of the Terms and Conditions of the Bonds that, the Redemption Instalment due July 23, 1987 has been satisfied by a selection by lot of US$5,000,000 nominal of the Bonds at their principal amount as follows:—

OUTSTANDING BONDS OF $1,000 EACH BEARING THE FOLLOWING SERIAL NUMBERS:

6	1633	3270	5007	6634	8306	10008	11635	13307	15008	16711	18308	20010	21712	23309	25086	26713	28310	30087	31714	33426	35088	36715	38427	40089	41726	43428	45090	46727	48429
7	1634	3306	5008	6635	8307	10009	11711	13308	15010	16712	18309	20086	21713	23310	25087	26714	28426	30088	31715	33427	35089	36726	38428	40090	41727	43429	45096	46728	48430
8	1635	3307	5009	6711	8308	10010	11712	13309	15086	16713	18310	20087	21714	23426	25088	26715	28427	30089	31726	33428	35090	36727	38429	40096	41728	43430	45097	46729	48461
9	1711	3308	5010	6712	8309	10086	11713	13310	15087	16714	18426	20088	21715	23427	25089	26726	28428	30090	31727	33429	35096	36728	38430	40097	41729	43461	45098	46730	48462
10	1712	3309	5086	6713	8310	10087	11714	13426	15088	16715	18427	20089	21726	23428	25090	26727	28429	30096	31728	33430	35097	36729	38461	40098	41730	43462	45099	46766	48463
86	1713	3310	5087	6714	8426	10088	11715	13427	15089	16726	18428	20090	21727	23429	25096	26728	28430	30097	31729	33461	35098	36730	38462	40099	41766	43463	45100	46767	48464
87	1714	3426	5088	6715	8427	10089	11726	13428	15090	16727	18429	20096	21728	23430	25097	26729	28461	30098	31730	33462	35099	36766	38463	40100	41767	43464	45131	46768	48465
88	1715	3427	5089	6726	8428	10090	11727	13429	15096	16728	18430	20097	21729	23461	25098	26730	28462	30099	31766	33463	35100	36767	38464	40131	41768	43465	45132	46769	48506
89	1726	3428	5090	6727	8429	10096	11728	13430	15097	16729	18461	20098	21730	23462	25099	26766	28463	30100	31767	33464	35131	36768	38465	40132	41769	43506	45133	46770	48507
90	1727	3429	5096	6728	8430	10097	11729	13461	15098	16730	18462	20099	21766	23463	25100	26767	28464	30131	31768	33465	35132	36769	38506	40133	41770	43507	45134	46806	48508
96	1728	3430	5097	6729	8461	10098	11730	13462	15099	16766	18463	20100	21767	23464	25131	26768	28465	30132	31769	33506	35133	36770	38507	40134	41806	43508	45135	46807	48509
97	1729	3461	5098	6730	8462	10099	11766	13463	15100	16767	18464	20131	21768	23465	25132	26769	28506	30133	31770	33507	35134	36806	38508	40135	41807	43509	45211	46808	48510
98	1730	3462	5099	6766	8463	10100	11767	13464	15131	16768	18465	20132	21769	23506	25133	26770	28507	30134	31806	33508	35135	36807	38509	40211	41808	43510	45212	46809	48586
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1509	3211	4808	6510	8212	9809	11586	13213	14810	16587	18214	19926	21588	23215	24927	26589	28226	29928	31590	33227	34929	36596	38228	39930	41597	43229	44961	46598	48230	49962
1510	3212	4809	6586	8213	9810	11587	13214	14926	16588	18215	19927	21589	23226	24928	26590	28227	29929	31596	33228	34930	36597	38229	39961	41598	43230	44962	46599	48266	49963
1586	3213	4810	6587	8214	9926	11588	13215	14927	16589	18226	19928	21590	23227	24929	26596	28228	29930	31597	33229	34961	36598	38230	39962	41599	43266	44963	46600	48267	49964
1587	3214	4926	6588	8215	9927	11589	13226	14928	16590	18227	19929	21596	23228	24930	26597	28229	29961	31598	33230	34962	36599	38266	39963	41600	43267	44964	46631	48268	49965
1588	3215	4927	6589	8226	9928	11590	13227	14929	16596	18228	19930	21597	23229	24961	26598	28230	29962	31599	33266	34963	36600	38267	39964	41631	43268	44965	46632	48269	
1589	3226	4928	6590	8227	9929	11596	13228	14930	16597	18229	19961	21598	23230	24962	26599	28266	29963	31600	33267	34964	36631	38268	39965	41632	43269	45006	46633	48270	
1590	3227	4929	6596	8228	9930	11597	13229	14961	16598	18230	19962	21599	23266	24963	26600	28267	29964	31631	33268	34965	36632	38269	40006	41633	43270	45007	46634	48306	
1596	3228	4930	6597	8229	9961	11598	13230	14962	16599	18266	19963	21600	23267	24964	26631	28268	29965	31632	33269	35006	36633	38270	40007	41634	43306	45008	46635	48307	
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1631	3268	4965	6632	8269	10006	11633	13270	15007	16634	18306	20008	21635	23307	25009	26711	28308	30010	31712	33309	35086	36713	38310	40087	41714	43426	45088	46715	48427	
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Payment will be made on July 23, 1987 against surrender of the Bonds to Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015 or to the other Paying Agents named on the Bonds.

Payments will be made in New York City in U.S. dollars or, at the option to the holders, in London, Paris, Brussels, Frankfurt-am-Main, Zurich or Luxembourg by transfer to a U.S. dollar account maintained by the payee with, or by a U.S. dollar cheque drawn on, a bank in New York City, subject in each case to any fiscal or other laws or regulations applicable thereto. Any such payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of up to 20% of the gross if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8 in the case of non-U.S. person certifying under penalties of perjury that the payee is not a U.S. person or an executed IRS Form W-9 in the case of U.S. persons certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of $50. Please, therefore, provide the appropriate certification when presenting your securities for payment.

Bonds surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due July 23, 1987 should be detached and collected in the usual manner.

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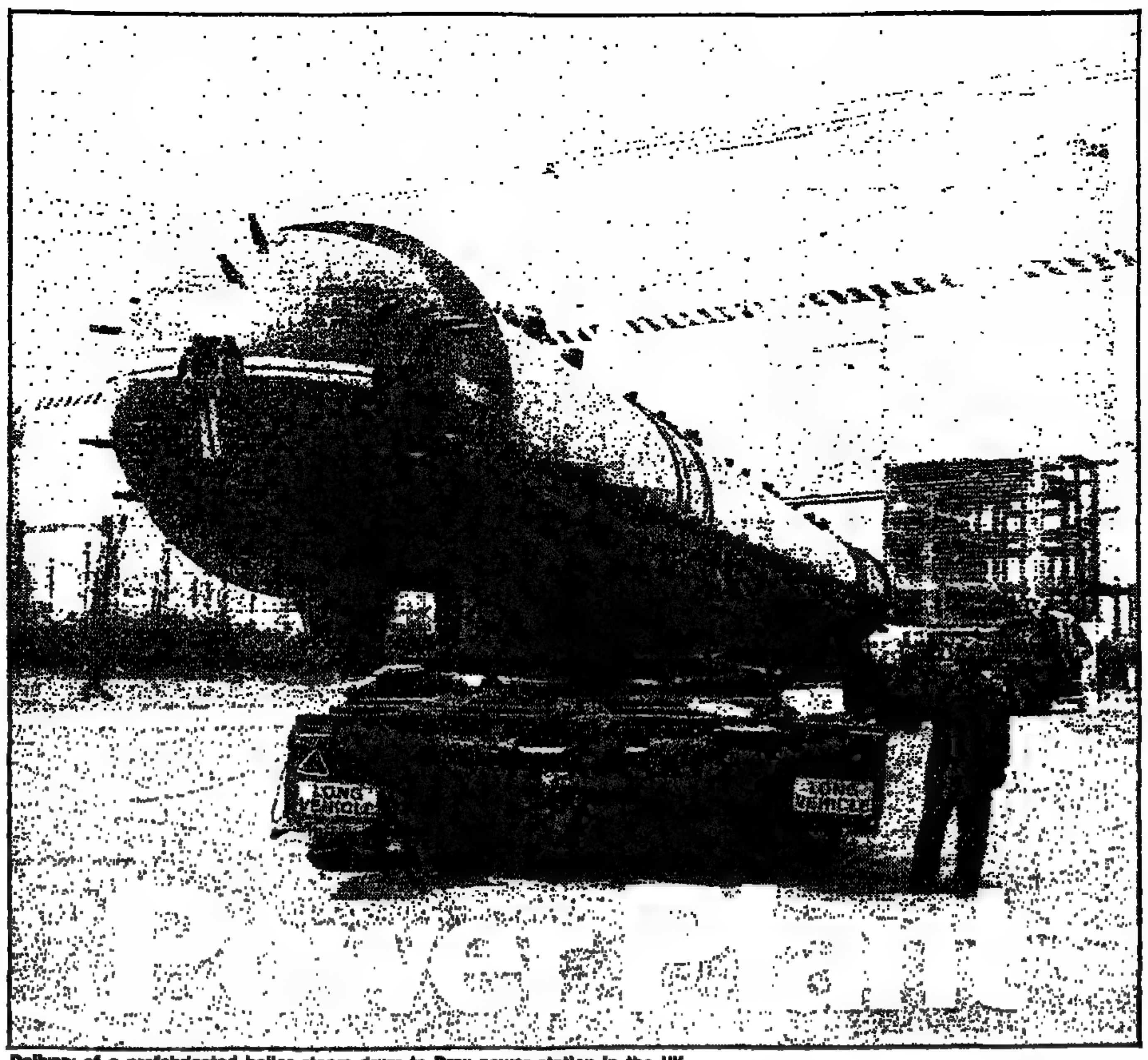
FINANCIAL TIMES SURVEY

Demand for new capacity has been a casualty of the world economic downturn and plant manufacturers have had to compete for business in the developing regions. Meanwhile, the industry is improving its designs and providing more effective equipment to control pollution, as **Maurice Samuelson** reports.

CONTENTS

Small signs of recovery



Delivery of a prefabricated boiler steam drum to Drax power station in the UK

MANUFACTURERS of power generating systems have been among the main victims of the economic downturn of the past 15 years. Some report tentative signs of recovery, but for the time being the picture remains predominantly gloomy.

Power stations are among the biggest civilian investment projects in the modern world. They represent a huge engineering effort, consuming enormous quantities of steel and concrete.

Thousands of jobs are involved in the design, construction and installation of key components such as the turbines, boilers, nuclear reactors, switch gear, control instruments, and large machines for handling and preparing fuel. The capacity to build or assemble many of these items is important for countries aspiring to remain or become major manufacturing nations.

But demand for new electricity capacity has been one of the most notable casualties in the downturn in economic activity of the past decade and a half. Electricity use—a sensitive index of economic activity—has continued to grow, but much more slowly than in the past. Power station replacement programmes have been profoundly affected by changes in the relative pricing, availability of various fuels and their environmental acceptability.

In some countries, such as the UK, anxiety about nuclear safety has caused major delays in installing new capacity. With finance hard to obtain, greater efforts have been put into extending the life of existing plant far beyond the original design specifications. One of the few windfalls for the industry has been the steady rise in orders for gas-scrubbing installations in response to the damage caused by "acid rain."

With the slowdown in power station programmes in their own countries, the big plant manufacturers have had to look for business in the developing countries, especially those, like China, India and South Africa, which are rich in coal. In this way, they aim to stay in business until demand starts picking up in their own countries.

Even so, the international market has been pitted with disappointments. Many Third World countries, in South America and Black Africa, have had to put back their power programmes as they have fallen deeper into debt and have found it ever harder to borrow money for big investments.

The once booming Middle East market has been hit by the drop in oil revenues, the main exceptions being Saudi Arabia which has a five-year electrification plan, and Turkey. The markets in China and India are less promising than the scale of those countries' expansion plans since both are determined and able to supply many of their needs from their own big industrial resources.

The effect on the power plant market is vividly shown in the figures supplied by Britain's National Economic Development Office. They show that between the mid-1970s and the mid-1980s world power plant orders open to international tender crashed from 75,000 MW of new capacity a year to less than 10,000 MW.

All this has had a severe impact on power plant makers, as competition for an ever shrinking market forced them to hone their operations by ruthless retrenchment, while improving their products and accelerating their delivery speed. They have also had to contrive ever more attractive financial packages drawing as much as possible on international aid programmes and entering complicated consortia with unlikely partners.

The ensuing shake-up in the league table of international producers of turbine generators is evident from a comparison of the situation in the first half of the 1970s and of a decade later.

Between 1970 and 1975, the lion's share of the export market for these items was held by West European countries. The Swiss-owned Brown-Boveri held 21 per cent of the market followed by West Germany's Kraftwerkunion (18.4 per cent); Westinghouse of the US (11.1 per cent); the Franco-German Alsthom-MAN had 8.4 per cent and Mitsubishi had 6.8 per cent.

The two British turbine-generator suppliers, CA Parsons (NEI) and GEC followed with 6.2 and 5.1 per cent respectively, comfortably ahead of Japan's Hitachi and Toshiba and of the State-owned Soviet turbine builder.

A decade later, with world export orders down by a third, the league table is unrecognisable. The three Japanese companies had all entered the top five, with Mitsubishi out in front with 15 per cent. Although GEC had jumped to second place Japan's Toshiba and Hitachi came next followed by the Soviet power plant organisation.

The rest of the West Europeans—West Germans, Italians—were either in the middle or lower half of the league with NEI, the only other UK turbine manufacturer, also well down the table.

Some commentators see a link between the success of individual companies and the level of financial support by their governments, including State aid for research and development into power.

A report by Laing & Cruikshank, the London stockbroker, pointed out last year that the Japanese Government appeared "very willing" to help its manufacturers with R and D funding and supporting financial packages. It quoted UK manufacturers as complaining that their own Government did not give them adequate help in enabling them to compete.

Nevertheless, the pessimism should not be overstated. With the advanced economies steadily growing again, new generating capacity will be needed in the 1990s for which planning must begin immediately.

This is already occurring in Britain, where the power industry has been starved of domestic orders for a decade but where the increase in electricity demand is now outpacing the electricity industry's earlier forecasts and the Central Electricity Generating Board is finally poised to start its mixed programme of coal and nuclear plants.

While these are awaited, however, the biggest shares of business continue to be in other countries such as China and India which are steadily developing their huge coal and electricity sectors.

China has so far placed overseas orders for ten new power stations, six of them in the past two years. All except Daya Bay were for fossil fuelled stations.

Most of the major international suppliers competer for this business, some of which went to other Communist countries, such as the Soviet Union and Czechoslovakia. Among Western competitors, the three leading Japanese companies have all obtained Chinese orders.

India, too, is a major market for manufacturers across the globe, including the Soviet bloc. And like China, India has its own power plant sector, dominated by Bharat Heavy Electrical (BHEL), which has won export orders.

South Korea, too, where the UK previously had a good foothold, has now become self-sufficient and its Hyundai company is expected to become a big exporter in the next five years.

Among the European manufacturers, rivalry will be sharpened by the prospect of a European "common market" in power station components. If a proposed EEC directive becomes law, possibly in about five years' time, this would mean that at the turn of the century, British, French, West German, Italian and Spanish companies would be scrambling for work in each other's countries.

One scenario is that there would be a lot of French spare capacity just at a time when the UK was releasing power station orders. The forthcoming UK ordering programme is being compared by CEGB veterans with the hectic activity of the 1960s, when the Board built 44 coal or oil-fired units in ten years, tripling the country's generating capacity.

A sobering contrast between the present situation and that period is that while the UK then had seven boiler manufacturers, it is now left with only two—NEI and Babcock. There are now also only two UK turbine generators—NEI Parsons and GEC—instead of six.

On the other hand, the UK industry is still a world-class competitor and has continued to develop in terms of the size of generating equipment in use. The standard size of generating units in UK power stations has been steadily stepped up from 30MW to the latest 660MW, which actually produce about 740MW when at peak load.

The two new coal-fired power stations for which planning permission is likely to be sought by the CEGB later this year will consist of two 900MW generating units, instead of three 660s. The new design, it is assumed, will be built faster and therefore more cheaply. UK manufacturers have been eager for some time to supply sets of this size—GEC is supplying 900MW turbines for China's PWR.

They should also benefit from the fact that much of the international export business is for coal-fired power stations. Since their own domestic utility, the CEGB, is one of the world's biggest and most experienced coal-burners, its newest power stations—such as Drax in Yorkshire—are showcases of advanced technology.

Meanwhile, the gloom is even deeper among manufacturers of transformers and switchgear. Last year's NEDO report on this sector pointed out that total sales were well below a third of the level of the mid-1960s. But as the equipment installed during the expansion programme of the 1960s has a long life expectancy, demand would not pick up until the early part of the next century. As sales fell it would become more difficult to maintain competitiveness.

That is why, even more than the makers of boilers and turbine generators, this sector looks so anxiously for business in the rest of the world.

Selling knowhow

Utilities share their experience

POWER CUTS in Saudi are now a thing of the past thanks partly to the training that Saudi electricity employees have been given by British Electricity International, the overseas training arm of the UK electricity supply industry.

BEI is one of several consultancies set up by well-established electricity utilities to market their knowhow to less developed countries. Many, like BEI, also represent countries which are large manufacturers of power plant and therefore see themselves as scouts in the search for major investment contracts.

But there are also successful consultancies in small countries, such as the Irish Republic, whose sole aim is to earn valuable foreign currency and provide overseas employment for some of its own experienced staff.

Even some of the recipients of such advice, such as the power utilities in India and China, have enough operating knowhow of their own to pass on to less-developed countries.

In the past decade, BEI has worked in more than 75 countries to improve their electricity supply and, working with UK power plant suppliers, has helped to open up overseas markets for electrical plant and equipment.

Compared with its big parent body it is a tiny minnow, its annual earnings of £16m matching the cost of two days' coal burn in the CEGB's power stations. Nevertheless, its importance cannot be gauged from its balance sheet.

Mr Gil Blackman, deputy chairman of both the Central Electricity Generating Board and BEI, traces the consultancy's origins to the early 1960s when the UK electricity supply industry, having completed its post-war build up, formed a "spasmodic liaison" with the Tennessee Valley Authority of the US and Canada's Ontario Hydro.

"Acting as a triumvirate which met biennially, we started receiving spot requests for help as utilities in developing nations, especially former British colonies, started knocking on our doors," he recalls.

After being set up in April 1976 BEI acted for some years as a "responding agent" for such requests. But as world trade grew, it also supplied personnel to operate the client countries' plant while local staff were being brought up to scratch. That was the case in Saudi Arabia.

About the same time, other utilities, such as Ontario Hydro, Electricite de France and Ireland's Electricity Supply Board entered the international consultancy field. The Russians, too, were busy supplying experts to countries where they were trying to establish their influence.

Since those days, UK electricity personnel have been recruited by BEI to operate plant in many other countries, including Nigeria, Zimbabwe, Botswana, Libya and the West Indies. When called into such countries, its first action is to offer a free study of the local supply systems.

Mr Blackman admits that these studies have benefited not only the host country but British power plant suppliers, claiming for example that the system study conducted in India led to the ordering of the giant two-stage Rihand power station.

However, it is still up to individual manufacturers to win the contracts against fierce competition on the open market. Having done so, they prefer to claim the credit for themselves.

Mr Alan Havelock, its managing director, also lists support for UK power plant manufacturers as top of BEI's aims. He also emphasises its bid to be financial independent and its role in assisting the career development of electricity industry personnel by offering them overseas work experience.

Currently some 200 electricity supply industry staff are working on assignment for BEI with others providing UK-based services.

For many of the clients, BEI is called in to help increase the availability of existing generating capacity. In India and Nigeria, for example, the systems are providing power for little more than 40 per cent of the time.

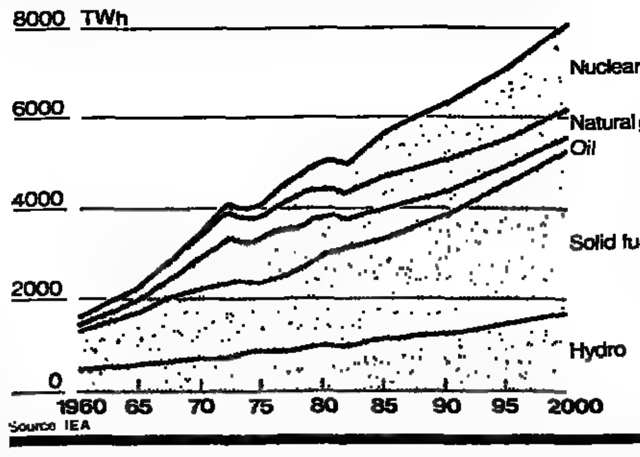
The many projects it has undertaken include helping to design, construct, operate, maintain and rehabilitate power stations, transmission systems and distribution networks.

Calling on the expertise of the UK's area electricity boards, it has also provided management skills in accountancy, and billing of electricity consumers.

A special feature of BEI activities is to "twin" utilities in developing countries with appropriate counterparts in Britain.

Maurice Samuelson

IEA Electricity output



Source IEA

National generating capacity plans

(1977-78 to 1983) (Net Maximum Capacity, GW)

	1977-78 Forecasts				1983 Forecasts			
	Thermal	Nuclear	Hydro	Total	Thermal	Nuclear	Hydro	Total
Canada								
for 1985	30.6	11.9	55.5	**98.0**	29.9	8.9	55.7	**94.6**
for 1990	37.0	22.2	66.2	**125.4**	29.9	13.6	57.0	**100.5**
United States								
for 1985	579.7	130.0	88.3	**798.0**	508.2	114.0	83.0	**706.1**
for 1990	659.2	203.6	106.3	**969.0**	547.2	130.0	87.0	**767.1**
Japan								
for 1985	102.2	33.0	40.0	**176.0**	96.9	24.5	33.2	**154.8**
for 1990	106.5	60.0	50.0	**219.0**	104.0	34.0	38.5	**177.1**
Germany								
for 1985	72.5	22.3	6.6	**101.4**	70.6	16.5	6.5	**93.9**
for 1990	78.9	38.0	7.3	**124.2**	73.0	23.0	6.6	**102.9**
Italy								
for 1985	40.9	11.4	20.7	**73.1**	35.7	1.3	18.4	**56.9**
for 1990	46.1	33.4	23.2	**102.6**	39.2	3.3	20.8	**64.6**
United Kingdom								
for 1985	73.1	9.4	4.3	**86.8**	55.8	9.5	4.2	**73.6**
for 1990	83.4	12 3	5.9	**101.6**	54.6	12.1	4.2	**76.2**

Source: National estimates submitted to IEA/OECD

Nuclear systems

Closer attention to detail

NO BETTER example of the care being taken to make a success of Britain's new nuclear power programme can be found than the £3.5m Inspection Validation Centre. This is a new suite of laboratories at the Risley, Cheshire, centre of the UK Atomic Energy Authority, which was officially opened earlier this month.

Its purpose is part of a painstaking attention to detail which has not always characterised nuclear design and construction in the past.

The new laboratory is devoted to validating the inspectors who will examine the most crucial parts of new reactors for flaws. The idea is to certify that the inspectors and the non-destructive test methods they use can find any flaw deemed to be of significance.

A panel of experts which forms the management advisory committee of the centre, led by Sir Alan Cottrell, the Cambridge metallurgist, decides whether inspectors and their methods are good enough for the task.

laboratory lies in the trouble it takes to deliberately make minuscule flaws and hide them in large sections of steel weighing up to 50 tonnes, for inspectors to try to find.

They have already done this for the kinds of flaw that may arise in the pressure vessel designed for the Sizewell B reactor. Now they are progressing to cover all parts of the high-pressure primary reactor circuit, including steam generators, pressuriser, pumps and inter-connecting pipework.

French inspectors from Framatome who are inspecting materials which will be used to fabricate the Sizewell B pressure vessel have already been certificated by the centre.

The net effect is that the cost of inspection of the Sizwell B pressure vessel is greater than the cost of forging and fabrication. The Central Electricity Generating Board has placed contracts with the new laboratory worth £28m. But the procedure is designed to ensure that hairline cracks as fine as 5 mm long in critical places and orientations are located and eradicated before the vessel enters service, and also if they should develop during an expected 40-year working life.

This kind of cost, accrued in the course of verifying the integrity of a reactor that is new to Britain at the size of 1,200 MW electrical capacity, can best be absorbed by applying it to all foreseeable nuclear reactors in Britain.

The "British PWR"—pressurised water reactor—based on the Westinghouse PWR used by the Royal Navy since 1959, is the latest UK adaptation of an American reactor concept which has found acceptance in most countries with a substantial nuclear power programme. It is also used by all nuclear-powered warships and submarines.

It is a compact reactor, originally conceived to fit into a submarine hull. Its small volume for a given electrical capacity gives it an economic advantage over the much bulkier gas-cooled reactors pioneered by Britain.

The Layfield public inquiry which examined the CEGB's case for the Sizewell B PWR not only gave it unqualified approval on grounds of safety, it also broadly endorsed the CEGB's case for economic advantage over the latest ideas for an advanced gas-cooled reactor (AGR), and over coal.

The case was founded on a single project. It begins to blossom if the identical design—particularly its safety-related features—can be used unchanged for a series of new power stations. The CEGB talks of a "small family" of about five replicas of Sizewell B in England and Wales, roughly half of the additional 13,000 MW of new capacity the utility estimates it must bring-on-load before the end of the century. They would all need to be under construction early in the 1990s.

If this can be achieved—and it is still a big "if" for there is every sign that each new nuclear project will be fiercely opposed, as was Sizewell B—it will mark a new departure for the British nuclear design and construction industry. It will be the first demonstration of replication of reactors in the civil sector.

The industry has talked of replication ever since it settled for the AGR in 1965. The original Magnox reactor programme launched ten years earlier was founded on replication of the 50 MW reactors at Calder Hall. But the CEGB encouraged competing design teams to press hard for economies of scale, with the result that reactor capacities rose rapidly from about 125 MW for Bradwell in 1962 to 600 MW for Wylfa by the late 1960s.

The AGR programme was originally envisaged as 5000 MW of replicated reactor based on the winning 660 MW AGR design which had beaten both US rivals, the PWR and the boiling water reactor, in the 1965 reactor assessment. This was not to be.

One reason was that the extrapolation from the 33 MW experimental AGR to the 660 MW reactor of commercial size was too great and produced a number of false starts. In the event, the first 5,000 MW plant is based on three different designs, all extensively modified during construction and even in some cases since their completion.

When an additional 2,600MW of AGR capacity was ordered in the late-1970s, it required a fourth design. This design, expected to come on-load for the first time this year, is likely to require further modification—notably in safety-related aspects—if further AGR capacity is added, as remains possible according to the CEGB.

There can be no question that pressure for design changes has come above all from the CEGB itself, although changing perceptions of safety have been an important factor. Many in the nuclear industry today would question whether the enthusiasm of the CEGB's own powerful engineering team at Barnwood can be curbed efficiently to realise the full benefits of PWR replication of the Sizewell B design.

But one growing pressure to minimise changes is that critics opposed to nuclear power, and to the PWR in particular, will see any changes as an opportunity to demand re-opening of the protracted PWR safety debate, and even another full-scale public inquiry.

The CEGB surmounted the final hurdle to a start on-site in construction of Sizewell B early in June, when the Nuclear Installations Inspectorate accepted its proposals for the last of some 79 safety-related issues the nuclear inspectors had raised on the outline design for the PWR.

By the end of this year the CEGB expects to have placed major contracts totalling more than £500m. The biggest are with Westinghouse and its UK sub-contractors for the primary reactor circuit, with a consortium composed of Aiton and Babcock for highly-integrity pipework; and with Laing for the main civil construction.

The CEGB itself is managing the project—expected to cost about £1.55bn—through a subsidiary called the Project Management Board, under chairman John Baker, board member responsible for design and construction of new plant. The PMB has a team of more than 400 run by Mr Brian George, project director.

Lord Marshall, freshly confirmed as CEGB chairman for a further five years from next month, talks of needing the additional 13,000MW "to meet a steadily increasing demand for electricity and to replace Magnox stations and some of the older coal-fired stations."

He sees Sizewell B as the first of perhaps five, providing 6,000MW of new nuclear capacity and an average of 25,000 jobs over the next 15 years.

This summer the CEGB hopes to apply for consent for the second of the group Hinkley C in Somerset, a site which already has Magnox and AGR stations. This time its case must include not only the site-specific safety features relating to Hinkley Point but a statement on the environmental impact, a new European Community requirement for all power stations.

Next year, after applications for two new coal-fired stations, it should be ready to apply for the third copy of Sizewell B, although where it will be has still to be decided.

Replication of the Sizewell design is expected to cut the price of construction by £300m in the case of an existing nuclear site such as Hinkley Point or Dungeness in Kent, and by £200m in the case of a greenfield site such as Druridge Bay in the North East, according to the CEGB's current estimates. The savings are mainly in non-recurring items such as the cost of establishing the Inspection Validation Centre.

One further nuclear project with which the CEGB hopes to proceed in the near future is its proposed dry store for spent nuclear fuel. The board has emphasised that this store represents no change in its policy of passing spent fuel to British Nuclear Fuels for reprocessing.

But it would act as a buffer in the event of any serious hold-up in reprocessing at the new £1.6bn thermal oxide reprocessing plant (Thorp), under construction at BNFL's Sellafield factory, and would also give the utility more flexibility in future decisions on reprocessing.

David Fishlock

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Transmission equipment

A quest for efficiency

THE NATIONAL Grid, it is joked, is the largest electric bar fire in the UK.

The energy losses inherent in the world's largest integrated distribution network gives an incentive to innovate in order to improve energy efficiency. Customers are also expecting ever higher stadards of service, safety and reliability.

This has given companies in the electricity distribution industry an incentive to build on existing technology and to seek new products that are cheaper to produce, more efficient and more reliable.

In overhead conductors operating above 33 kV there have been advances in the use of aluminium alloys. Aluminium is a better conductor than most other metals but on its own is not strong enough to be strung between pylons, or more correctly, towers.

The traditional solution has been to use a steel core but this has increased losses. Now, using new production methods, aluminium alloys are being developed with greater current carrying capacity.

Towers are being redesigned to meet environmental and aesthetic criteria. Lines have to be carried safely in all weather conditions and under different loads. But by using statistical techniques, designers have been able to make towers smaller and keep within strict safety criteria.

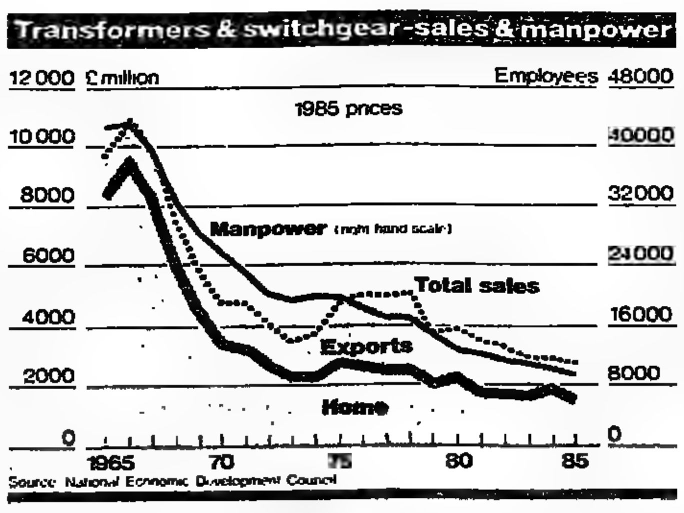
Companies are also looking for developments in the design of insulators. Traditional glazed porcelain and steel devices could eventually be replaced by a composite of plastic and metal. The small size of these insulators would allow a more compact design for overhead lines.

In lower voltage cables, modern plastics are replacing oil and paper as insulators. Cross-linked polyethylene has a molecular structure with good insulating properties and resistance to heat caused by high currents.

New cables using cross-linked polyethylene and designed to give out little smoke in a fire are being installed on the London Underground. The Central Electricity Generating Board is also testing it at 275 kV on a 300-mile stretch in Essex.

On the distant horizon for cable companies are superconductors. These carry current with virtually no power loss but until recently they required very low temperatures.

Transformers & switchgear - sales & manpower



Source: National Economic Development Council

In May, however, Plessey demonstrated superconductivity at temperatures more suitable for commercial applications. There are large obstacles to be overcome but superconducting cables could transform electricity transmission.

In power stations and sub-stations there have been improvements in switchgear and transformers.

Switchgear—like normal electric switches—are used to redirect or interrupt current flows. Previously they have used oil or a blast of air to absorb the electric arc that is created when two contacts are separated.

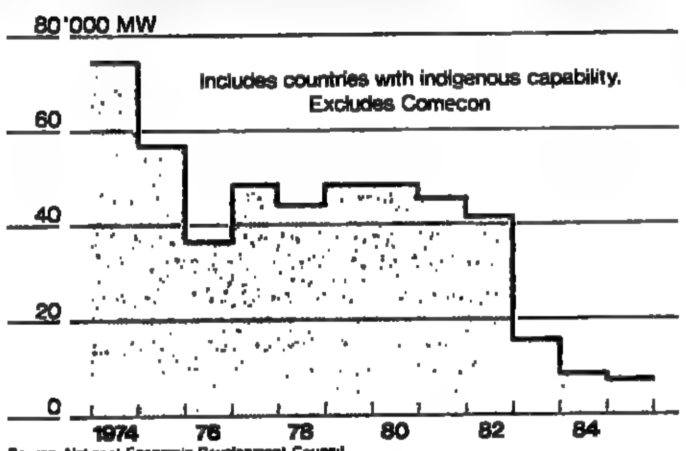
Now these devices are being replaced with switches using vacuums or the inert gas sulphur hexa-fluoride. They offer the advantage of a lower initial cost and need less maintenance.

Vacuum switchgear is limited to relatively low voltages although the Japanese have experimented at higher levels with vacuum devices arranged in series. But so far the cost and complexity have been prohibitive.

Transformers are used to step voltages up or down. They consist of a conductor wrapped around a steel core. To minimise energy losses the core needs to have good magnetic properties but a high electrical resistance.

These properties are achieved by using a laminate of steel and an insulator. Recent developments have concentrated on new types of steel.

World power station orders



Source: National Economic Development Council

In Japan transformers have been developed using sheets as thin as 0.2mm. Laser etching is used to change the grain structure of the metal to improve its efficiency.

British Steel has used a similar technique but using electric arcs rather than lasers. GEC, however, is currently manufacturing transformers made from amorphous steel—a technique originating in the US.

Steel sheets about as thin as a razor blade are cooled rapidly—dropping thousands of degrees in a fraction of a second. By giving it a random grain structure the steel, which can be as brittle as glass, retains good magnetic properties but has a high resistance.

Perhaps the greatest potential for increasing the energy efficiency of electricity distribution lies in the greater use of computer systems.

Already the CEGB is using wire with a fibre optic core as an earth in many overhead lines, allowing remote control of the distribution network by computers.

By using light instead of electromagnetic waves to send signals, optical fibres are immune to electromagnetic interference from other wires.

The system could also be used for telecommunications. Besides the cost advantage of only having to wire up one national network, fibre optics are secure from unauthorised monitoring and do not suffer from interference.

In the USh, private electric companies are now offering telecommunication facilities to boost income in the face of falling consumption of electricity by heavy industry.

Computers are also being used in energy management systems. These could be grafted on to existing computerised control facilities to maximise the use of the fuel resources.

The systems can be extended down to the domestic consumer. Three new systems linking houses with area electricity boards are currently being tested in the UK.

The systems use either radio transmissions from BBC stations, the telephone network or the electricity supply itself as a carrier for signals from the board.

Eventually a national system could allow the area boards to change tariffs automatically and to switch off non-essential equipment when charge is high.

Ralph Atkins

Turbines

Many pressures and uncertainties

THE WORLD's manufacturers of turbine generators and boilers are hoping for an upturn in demand for power plant that should give them relief from the merciless pressures they have endured since the late 1970s.

Those pressures have caused a good deal of capacity closures, rationalisations and jockeying within the league table of producers, some of whom have been forced to hang on grimly. However they are also facing uncertainties other than that of worldwide power demand.

Changes in EC procurement policy scheduled for 1992 will abandon the present "rule" that power station plant supply in the Community's member countries is restricted to domestic suppliers.

The planned partial opening of these markets is already causing some nervousness among European plant builders used to protected domestic markets to see them through the years of slim export pickings.

Another question surrounds the strategy of the Japanese. In turbines, Mitsubishi, Toshiba and Hitachi have held three of the top six places in terms of export sales in recent years. Mitsubishi has also been probably the largest supplier of boilers during the past decade.

Yet the Japanese makers are also suffering from heavy overcapacity, and with problems of the yen exchange rate, so that the rest of the industry wonders whether they will remain the force they were. For some contracts, their prices are no longer competitive.

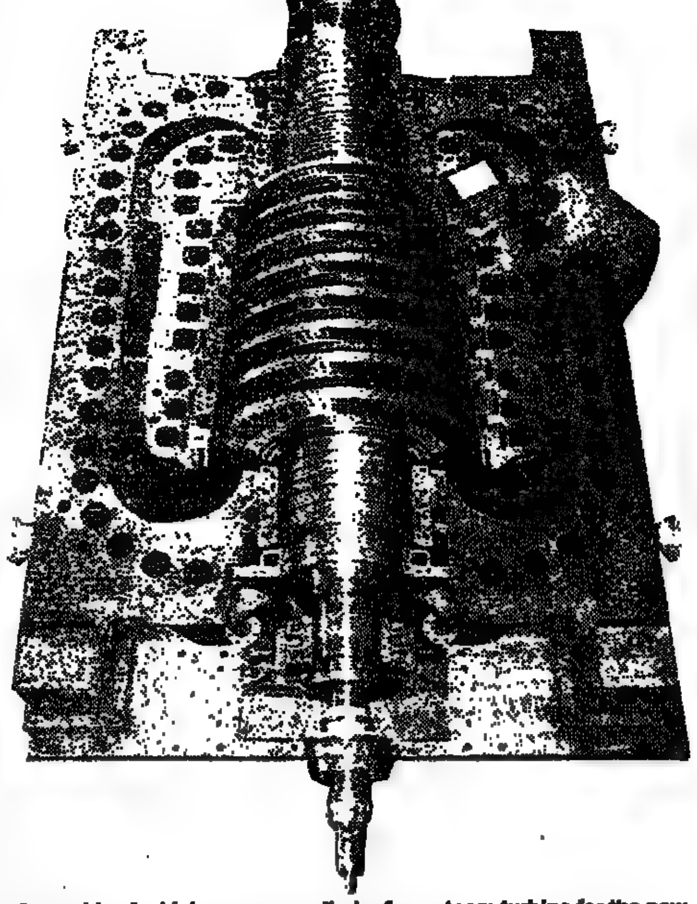
The big US plant suppliers also seem to be changing tack. General Electric appears to show signs of wanting to get out of turbine making. It has a large number of licensee arrangements around the world and some observers suggest that GE will rely on these to maintain its presence in the turbine field.

Westinghouse though remains a potentially large player for this type of equipment. McDermott Babcock is still a significant force in the boiler market but seems to have been putting more effort recently into turning itself into a contracting company.

In the UK, GEC which makes turbines, Babcok UK which manufactures boilers, and Northern Engineering Industries which makes both have had varying degrees of fortune. Like the rest of the world's makers, their factories have considerable spare capacity even though GEC, in particular, has done well in export markets.

In the five years from 1981 it claimed second place behind Mitsubishi having secured 12.5 per cent (11,500 MW) of world export sales.

All UK producers though will benefit now from the new UK power station ordering programme. In addition, NEI and Babcock are expecting a lot retrofit work for equipment to cut emissions from existing British power stations.



Assembly of a high-pressure cylinder for a steam turbine for the new Castle Peak power station in Hong Kong. The turbine sector still has too much capacity despite restructuring and closures, though investment in new tooling continues.

Taking turbines first, a number of manufacturers including Brown Boveri of Switzerland have been forced to carry out substantial restructuring while others like GE have closed some production plant. Many companies though, including NEI and GEC have continued to invest many millions in new machine tools.

One reassuring trend for everyone else has been the lack of any real attempt by Korean turbine makers such as KHIC to pile into overseas markets.

The competition is unlikely to get any easier. Alsthom for example was pretty well fully occupied with its French domestic market in the late 1970s and early 1980s but now appears to be re-emerging as an export competitor. The industry still has too much capacity while technological improvements mean that turbines continue to produce an ever-increasing amount of power for their weight.

If anything, more has been happening to the shape of the world's boiler production industry. This industry has two main licensors. One of them is Combustion Engineering of the US whose licensees include Mitsubishi, NEI and Bharat Heavy Electrical in India. Bharat is now probably the largest boilermaker in the world. Combustion Engineering technology is reckoned to be involved in about 55 per cent of installed boiler capacity worldwide.

The other main licensor is Babcock, whose technology is used by all the Babcock concerns around the world which are now totally separate companies. Unlike Combustion Engineering which uses "corner firing" — the burners located in the corners of the boiler — Babcock's system involves "opposed wall firing" with the burners wall-mounted.

Hitachi is the biggest Japanese company that remains a Babcock licensee while IHI, another significant Japanese maker, uses Foster Wheeler designs. Of the big Japanese power plant producers Toshiba is not a mainline boilermaker.

This section of the power plant industry has gone through a number of shake-ups but most of the companies are still fighting strongly for business.

A few years ago Lentjes of West Germany purchased Burmeister and Wain of Denmark which had found itself in difficulties.

Steinmuller, the West German family company and about the last remaining privately-owned mainsteam boiler maker, has been forced recently into some substantial financial restructuring. The company was hit by its dependence on the South African market.

NEI rationalised three plants into one in the UK during the late 1970s and early 1980s while Babcock in the UK announced a redundancy programme last year at its big site in Renfrew, Scotland. This has gone hand in hand with major improvements in labour relations and productivity on that site.

Both British companies say they are now in a better position to meet market conditions over the next decade.

European manufacturers are still wondering whether the Italian industry which includes Franco Tosi and Ansaldo will be rationalised. One of the strengths of the Italian industry is GIE, a grouping partly controlled by Ansaldo which brings Italian companies together when bidding for contracts.

However, most companies say that the issue that still really clinches a deal is the financial package that consortiums can muster rather than the technology they offer.

Nick Garnett

Combustion research

Getting the best out of coal

THERE HAVE been frequent changes in the types of nuclear reactor used by electricity utilities since they started using the atom for generating power about 30 years ago.

In Britain, the Magnox reactor gave way to the Advanced Gas-cooled Reactor which in turn is being superseded by the Pressurised Water Reactor, now the most popular model among the nuclear industries of other countries.

By contrast, fossil-fired power stations appeared to be a mature technology in which progress was synonymous with steady increases in the size and power of boilers and turbines. While nuclear generators underwent qualitative transformation, the coal burners underwent only quantitative changes.

Coal, it seemed, was doomed by science to be eventually superseded by nuclear power or, perhaps, both of them would give way to renewable "alternative" technologies which were far superior in cheapness and environmental impact.

There is still a strong body of thought that, once rendered totally safe, nuclear power would hold the key to the future of the electricity supply industry.

Nevertheless, a growing interest in alternative coal burning methods suggests that the question is far from settled. Scientists, engineers and power plant manufacturers around the world are keenly studying a group of combustion technologies which, if proved commercially viable, would greatly improve both the economics and environmental performance of coal as a power station fuel.

Much of the work revolves around fluidised bed combustion methods, in which the coal is burned in a turbulent or rotating "bed" of sand or limestone, trapping many of the dangerous impurities emitted from conventional boilers, so lower grade coals can be burned.

The other related area of investigation involves gasifying the coal in a "combined cycle" which can use waste gas as a second source of heat for driving supplementary turbines. Both would be installed in existing coal-fired power stations.

Although they have attracted attention for a number of years, full-scale commercial application for power generation is still a somewhat distant prospect. But interest in them is sufficiently widespread to suggest that they will become of increasing relevance over the next few decades.

Their potential was eloquently underlined in March of this year by the decision of President Reagan to seek $2.5bn over the next five years to develop what he termed "America's clean coal commitment." The main impetus was anxiety over acid rain pollution both among the US public and in neighbouring Canada, which is the unhappy recipient of pollution from the industrialised North East states of the US.

The money is being offered to match private R and D projects, with the first $850m available this year.

Many of the schemes, already at demonstration stage, centre on fluidised bed technology or on development of the Integrated Gasification Combined Cycle (IGCC), both of which can drastically reduce emissions of sulphur dioxide (SO^2) and nitrogen oxide (NOx), the two main culprits in the formation of acid rain.

In IGCC, which boosts power output with waste gas production during combustion of the coal, sulphur emission reductions of more than 99 per cent have been achieved at a California demonstration plant. Pressurised fluid bed, in which the combustor's internal pressure is boosted from six to 16 times atmospheric pressure, can achieve 95 per cent reductions.

IGCC technologies can also reduce NOx emissions by 40 per cent compared with conventional plant, while pressurised fluid bed can reduce NOx by up to 85 per cent. "Many of these retrofit and repowering options will be technologically available either in the late or early 1990s," says the US Department of Energy.

On the economics of repowering an existing power station with IGCC, the Department adds that this would require an investment of $1,100 to $1,300 per kilowatt, but the cost of electricity would only increase by 1-2 mills per kwh because the refurbishment plans would have a higher power output.

New US projects include a 70 MW combined cycle plant to be built for American Electric Power at Tidd, Ohio and which has attracted $16m worth of Federal and State funding. It will be built by ASEA-Babcock, which is also believed to have contracts to build similar plans in Sweden and Spain.

Outside the US, some of the most advanced work has been done in Japan, where there are two Integrated Gasification Combined Cycle plants said to be capable of powering 1,000 MW turbine generators.

In Britain, too, advanced combustion is being investigated by power plant manufacturers, and electricity, gas and coal industries. Government scientists of the Advisory Council on Advanced Research and Development will shortly complete a wide-ranging report on behalf of the Departments of Energy and Industry.

Britain's main investment has been at Grimethorpe, Yorkshire, where the Central Electricity Generating Board and British Coal are jointly developing what they claim to be the world's most advanced pressurised fluid bed station boosted by coal gasification. The scheme has already cost £20m approved by the British Government and EEC, and may also attract some American money.

After numerous teething troubles, a 5MW turbine is being designed for the plant which could be running next year. But there will still be formidable engineering problems in scaling it up to the big 500MW, 660MW or 900MW units characteristic of present and future British power stations.

There are, it should be added, varying degrees of commitment to this kind of research among different countries and the different commercial interests. In Britain, the CEGB appears to be reasonably content with the present pace of its research. Not surprisingly, British Coal is more impatient. It recently compiled figures suggesting that Government funding of research and development into advanced coal burning was only a minute fraction of that being spent in other countries.

The figures, apparently extracted from a study by the International Energy Agency, suggest that while the British Government in 1985 spent only 5p on R & D per tonne of coal produced, the Japanese spent 781p; Belgium 68p; Germany 34p; and the US 27p.

Maurice Samuelson

Pollution control

Big suppliers chase gas scrubber market

POWER PLANT manufacturers, hit by years of economic recession, nowadays console themselves with the thought that "it is an ill wind which blows nobody any good."

The ill wind is that which scatters pollution from coal and oil-fired power stations and factories over wide areas causing untold damage to lakes, rivers and forests.

The main offenders are sulphur dioxide (SO^2 or "sox") and nitrogen oxide (nox), both of which are linked with the phenomenon of "acid rain." While sox is regarded as the chief cause in damaging the ecology of lakes, nox — of which power stations and motor cars each emit about 40 per cent into the atmosphere — is increasingly seen as the main threat to trees.

But the same "wind" has brought the power plant industry a rising volume of orders for equipment designed to eliminate this threat.

In many parts of the world, new fossil-fired power stations are given planning consent only if they incorporate equipment to eliminate both sox and nox — flue gas scrubbers, known as flue gas desulphurisation or FGD, or low nox burners.

Increasingly stringent environmental standards are also forcing the installation of these items in existing power stations. The FGD involves a major extension to the power station, often adding a fifth to its capital cost.

Most systems neutralise the sulphur emissions with a limestone sorbent, producing slurry or commercial grade gypsum as a by-product. The other main system — the regenerative process — offers a range of sulphuric materials for the chemical industry.

The scale of the investment, and its importance for the equipment suppliers is dramatised in the accompanying table, prepared by the International Energy Agency's coal research unit in London. It suggests that by the end of the century nearly 200,000 MW of generating capacity in 10 Western industrial countries will be fitted with FGD.

Taking the UK estimate of £200m for the scrubbers on a 2,000 MW power station, that suggests a total investment of £20bn in these countries.

In the US, which is under pressure both domestically and from the government of neighbouring Canada to cut its sox and nox output, some $17bn was spent on FGD in power stations between 1975 and 1985, as part of a total coal desulphurisation effort of some $60bn in that period.

Other ways of reducing emissions are by washing the coal or avoiding high sulphur coals.

The US is by far the biggest user of FGD in terms of installed capacity, and according to the US Department of Energy there are more than 140 scrubbers in its power stations, with 70 more under construction or planned. IEA researchers Jonas Klingspor and David Cope forecast a 31 per cent increase in FGD capacity in the US by 1992, to reach about 100,000MW.

FGD is also extensively applied in Japan, where it represents an equivalent generating capacity of about 45,000MW. In West Germany, about 85 per cent of current coalfired generating capacity has been fitted with FGD.

With the US and Japan in the forefront of anti-pollution efforts, it is not surprising that their highly-successful power plant industries should also be leading suppliers of FGD and that their technology is widely licensed in other parts of the world.

This is reflected in several of the 12 to 15 consortia converging on the UK as it belatedly grasps the environmental nettle. Britain's CEGB, one of the world's biggest coal-burning utilities, is to spend £600m on retrofitting three of its biggest power stations, apart from the scrubbers to be incorporated in all its new coal-fired power stations.

However, as the following list makes clear, the Japanese and the Americans do not have a total monopoly on sox or nox cleaning technology. Among the likely contenders for the UK FGD contracts are:

- Mitsubishi, which claims to hold half the Japanese market and to have won orders in the US and West Germany: NEI International Combustion is its UK licensee;
- Babcock Hitachi, whose technology is licensed to Babcock Power;
- General Electric of the US, whose technology is licensed to John Brown. Currently it has 92 installations in the US, Japan, West Germany, Austria and the Netherlands;
- Foster Wheeler Energy has licensing agreements with Flakt of Sweden, a worldwide supplier of air pollution control equipment. The team offers two different FGD processes, one of which was developed by Peabody Process Systems, a Flakt subsidiary in the US, and applied widely in the US;
- United Engineering of the US, with a system being studied by Sim-Chem (formerly Simon Carves);
- Davy of the UK, which pioneered the Wellman Lord regenerative system and also has the European rights to a gypsum system using the US-patented Research-Cottrell method.

Davy's Wellman Lord technology is claimed to give it a clear lead in systems which give sulphuric byproducts rather than gypsum, the natural market for which could be swamped as gypsum-producing flue gas scrubbers proliferate.

Competition is also sharpening over ways of reducing the nox emissions, especially in Britain where the CEGB is to spend £170m on fitting 2,000 low nox burners in its 12 biggest plants, with a combined generating capacity of 23,000 MW.

Babcock and NEI are among the companies whose equipment has been successfully used during intensive trials. The NEI burners, applied to a corner-fired boiler at Fiddlers Ferry power station, Merseyside, are applicable to 7,000 MW of capacity.

The burners developed by Babcock have been so successful that the company believes they have strong export potential.

The Babcock burners, claimed to be the first of their kind of exclusively British design, are to be tried out on one of the boilers of the CEGB's 4,000 MW plant at Drax, Yorkshire, over the next six months.

If successful, says the CEGB, they could be the forerunner of a whole new design concept.

Maurice Samuelson

Flue gas desulphurisation progress

(to year 2000)

	Capacity installed or under construction (MW)	Planned capacity (MW)	Total (MW)
Austria	1,500	1,100	2,600
Denmark	—	4,000	4,000
Finland	250	200	450
FRG	13,000	35,000	48,000
Netherlands	300	2,400	2,700
Italy	—	80	80
Japan	12,000	13,000	25,000
Sweden	450	550	1,000
UK	—	10,000	10,000
USA	55,000	44,000	99,000
Total	82,500	112,230	194,730

Source: Jonas S. Klingspor and David R. Cope, IEA Coal Research

Decommissioning

New use for old stations

THE LIFE of a power station is increasingly limited to that of the plant it contains. The majority of the 69 power stations closed by the CEGB since 1977 have been demolished and the sites sold for redevelopment.

The sites of pre-1950 stations are themselves often too small for re-use by electricity boards. For the new generation of 900MW units, an area approaching 50 ha would be required, for the power plant itself, cooling water facilities and space for construction.

But because many of the earlier power stations were built in central urban locations, the CEGB has been provided with prime redevelopment opportunities, particularly for housing, while the board is now moving into the decommissioning of larger power stations, increasingly on the outskirts of towns, making the sites suitable for other uses, such as out-of-town retailing.

The process of redevelopment can be a lengthy one, in some cases taking up to 10 years from the decision to close a power station. The board gives several years' advance notice of a station's closure and it generally takes three years for all traces of asbestos to be cleared from the site.

The ensuing consultation between planners, the board and prospective developers also takes time. The local authority will be used to having a power station on the site, so often finds itself unused to dealing with the planning issues involved. Area electricity boards' plant or cables also have to be resited to allow for redevelopment, with the CEGB meeting the cost.

In a few cases, stations have found alternative uses, as grain silos, or for bulk storage, metal and timber processing or in some cases retail purposes. The CEGB has also been looking closely at the possibilities for converting existing power plant such as gas turbines as part of Combined Heat and Power schemes.

The CHP process, by generating both electricity and useable heat, maximises the benefit from fuel used. When electricity is generated as the sole product, at best no more than 40 per cent of the fuel is converted into useful power. The rest of the energy is dissipated as low grade waste heat. In the combined production of heat and electricity, up to 85 per cent of the fuel energy can be converted into saleable products, about 30 per cent into electricity and up to 55 per cent into heat.

To be successful, a CHP scheme has to have customers within close reach committed to buy the power. At over £5/kw/km, the laying of pipes from the plant to each customer can account for half the total capital cost.

But Battersea, a Grade II listed building, is the only power station to have been saved largely for its architectural merit. Built in the 1930s, it is one of the last brick cathedals and, with its planned refurbishment, should survive another 60 years at least.

Battersea Leisure, a wholly-owned subsidiary of Alton Towers, bought the station earlier this year, and has planning permission to turn the building and its grounds into a £135m leisure centre by 1990, with funding from the Toronto-Dominion bank.

Battersea's four chimneys have made it as much part of the London skyline as the Houses of Parliament or St Paul's cathedral. But close inspection has revealed substantial decay. The station is suffering from the detrimental effects of rain, severe condensation, sulphur oxides and thermal movement. All have combined to cause deterioration throughout, most particularly to the brickwork, mortar and steelwork.

The external fabric of the building will be refurbished. Where brickwork needs to be replaced, bricks will be manufactured from Etruria Marl, the same clay used in the 1930s, still available from reserves in Worcestershire.

Interior restoration work will concentrate on Battersea A, which was completed in 1933 and is the more architecturally outstanding of the two stations on the site. Battersea B dates from 1955. The interior of Turbine Hall A is decorated with finely-detailed faience tiling. Cast iron balustrading and stainless steel handrails grace the edges of the hall.

Station A's control room, with its Napolean marble and black Belgian marble, bookmatched walnut veneered panels on the control desk, and parquet flooring will be restored and re-energised. Entry to the control room will be through the original bronze doors with their embossed sculpture relief depicting energy.

When complete, the development will consist of three major atria spaces. The central area, known as the Main Gallery, will provide seven areas of leisure space. At Main Concourse level will be a 50m long ice lake for skating, and, at the northern end of the building, a cascading waterfall, a parachute drop from roof level and an ascending complex of escalators, interchanges and glass-walled lifts.

A dynamic motion theatre will create the illusion of participation in car-chasing and roller-coaster riding. A "Magic Room" will roll over 360 degrees to give what Battersea Leisure bills as "the ultimate white knuckle" ride experience. A Water Rapids Ride will start in the building, and shoot the rapids to complete the ride outside, where landscaped gardens will replace coal bunkers and out-houses.

This rather different Battersea, with its restaurants and shops, is expected to attract 3.5m visitors in the first year, create 2,500 jobs in the first phase rising to 4,500 when the complex is fully operational.

Alastair Guild

AIRLINE INDUSTRY

Rami Khouri on a change in strategy by Jordan's soon to be privatised national carrier

Royal Jordanian takes on Third World pack

WHEN THE 23-year-old state-owned Jordanian air carrier started this year with a new name—Royal Jordanian, replacing the more cumbersome Alia, the Royal Jordanian Airline—as well as a sleeker new livery and corporate image, it signalled its intent to emerge from the pack of Third World airlines and compete aggressively for international business and tourist travellers.

Audacious and ambitious as this may seem for the carrier of a small country at the heart of a notoriously turbulent region, such a move is very much in keeping with the airline's track record of countering its inherent constraints by innovation and aggressive expansion—and it is taking a large corporate step forward this year with the start of its privatisation strategy.

Since its establishment with a single airplane in 1964 by an entrepreneurial Lebanese engineer, Ali Ghandour, upon the directives of the young, aviation-minded King Hussein, Royal Jordanian has grown on the basis of fare-driven market stimulation, niche exploitation, and Jordan's pivotal location as a strategically located Middle Eastern hub for business and tourist travellers. It started this year with a relatively young fleet of 19 aircraft, serving 42 foreign destinations.

Last year it carried 1.1m passengers, down from 1.22m in 1985, due to a dip in tourist and business travel in the Middle East.

Mr Ghandour, still chairman and chief executive has noted that the airline's new livery and name change were designed to reflect a deeper change in its business strategy and in the market niche it seeks to consolidate—as a high quality, service-oriented carrier catering to the needs of the business traveller flying to, or through, the Middle East.

"We've always sold our geography," he said, referring to RJ's penchant to combine competitive pricing with convenient, one-step connections at Amman's modern and very efficient Queen Alia international airport, to carry passengers from North America and Europe via Jordan to other points in the Middle East, the Gulf or south-east Asia. Thus Royal Jordanian will simultaneously implement a double-pronged strategy of wooing the demanding business traveller with better service and convenient connections, while filling up the back of the plane with tourists, students and transit passengers attracted primarily by price appeal.

ROYAL JORDANIAN الملكية الأردنية

The new strategy will take two-to-three years to be phased in completely, as at least six new Airbus A310 and A320 aircraft join RJ's Lockheed Tristars and Boeing 727s and 747s. The business and first-class traveller will be offered a range of special new facilities and services, including revamped check-in counters, limousine service, private lounges, VIP clubs, a frequent flier programme, express baggage handling, better meals and seats, sleeperettes, sleeping bunks, and much higher on-board service standards.

"We'll need about two years to complete the personnel training, and to instil the new corporate culture and identity throughout our entire staff," Mr Ghandour said.

Airline industry observers in Amman are watching the airline carefully to see if its performance can match its promise. Everyone in Jordan is mindful that during its brisk growth era in the late 1970s and early 1980s, RJ's ground and on-board service standards were highly erratic, swinging widely between excellent and mediocre. This clearly reflected the absence of a corporate culture that permeated all staff members, due to insufficient management and quality controls, the inherent hazards of brisk growth, and the needs to recruit many foreign cabin crew.

Not only was the airline itself expanding rapidly, but it also spawned a series of wholly- or partly-owned subsidiaries, which now include a travel agency, an airport hotel, the Amman duty-free shops, an aviation training centre with simulators, an aircraft maintenance facility, an air cargo company, an air taxi charter service, an air acrobatics team, a boutique, and an airline consultancy firm.

Under the corporate re-organisation plan now under way, the holding company will still be named Alia, the Royal Jordanian Airline, and will own the airline and all the subsidiaries, while the airline itself will be spun off and privatised under the new name of Royal Jordanian.

Mr Ali Ghandour, chairman of Royal Jordanian—needs two years to instil the new corporate culture

After sustained growth that averaged over 22 per cent a year during the past decade, with only three unprofitable years in the past 14, expansion will be minimised during the next two years in favour of consolidating RJ's existing network.

Only Montreal, Delhi and Calcutta will be added this year to a network which stretches from Los Angeles and Chicago in the west to Singapore, Bangkok and Kuala Lumpur in the east. The company made a profit of JD 1.8m in 1985 (due largely to the sale of two planes), on a total of 1.29m passengers carried and 42,573 tons of cargo. Its 1986 accounts, due this month, will show it just about breaking even or making a slight loss.

While Royal Jordanian's fleet and business plan are being revamped, so will its balance sheet and equity structure. Now totally government - owned, Royal Jordanian plans to sell its shares gradually to private investors over the next few years. To strengthen its capital base (it has assets of over $680m but a high debt to capital ratio of more than 8:1), RJ will soon agree with one of several companies it is negotiating with to sell and then lease-back its eight Lockheed TriStars and three Boeing 727s (though not, for the moment, its two Boeing 747 Jumbo Jets).

This will wipe out its $300m of outstanding debt and give it a comfortable cushion of working capital for at least two years. Selling and leasing-back its planes will significantly ease cash-flow pressures, as annual leasing payments of $50m-$55m will be less than half the $120m it now pays annually in loan interest, principal and bank charges.

A US Agency for International Development-financed preliminary feasibility study of its privatisation prospects concluded earlier this year that the airline is a prime candidate to go private. By the end of this year, it plans to sell 30 per cent of its shares to the Jordanian public and 10 per cent to its employees, probably with a 7 per cent guaranteed annual dividend for a certain number of years. Next year, another

ROYAL JORDANIAN
الملكية الأردنية

20-30 per cent of the shares will be sold to Jordanian and other Arab investors, with the Government expected to maintain 10-15 per cent and the balance being offered to international investors.

Spurred by intense competition from the 22 international carriers that fly into Amman, including most quality European airlines, RJ is expected to continue developing the several market niches that have served it well: a hub-and-spoke network offering businessmen and holidaymakers convenient connections to most Middle Eastern capitals and destinations in North America, East and West Europe and Asia. It will also keep attracting ethnic Arab traffic abroad, expatriate Jordanian and Palestinians, and foreign tourists seeking Holy Land destinations east or west of the Jordan River.

Global airline industry deregulation and its own privatisation mean RJ must become a leaner and more efficient carrier if it hopes to live up to its new corporate image and its self-styled business goals. Greater efficiency and marketing sophistication are also seen to be vital to offset the constraints of its small home market, a relatively overstaffed workforce, high costs, and its own small size compared with its international competitors.

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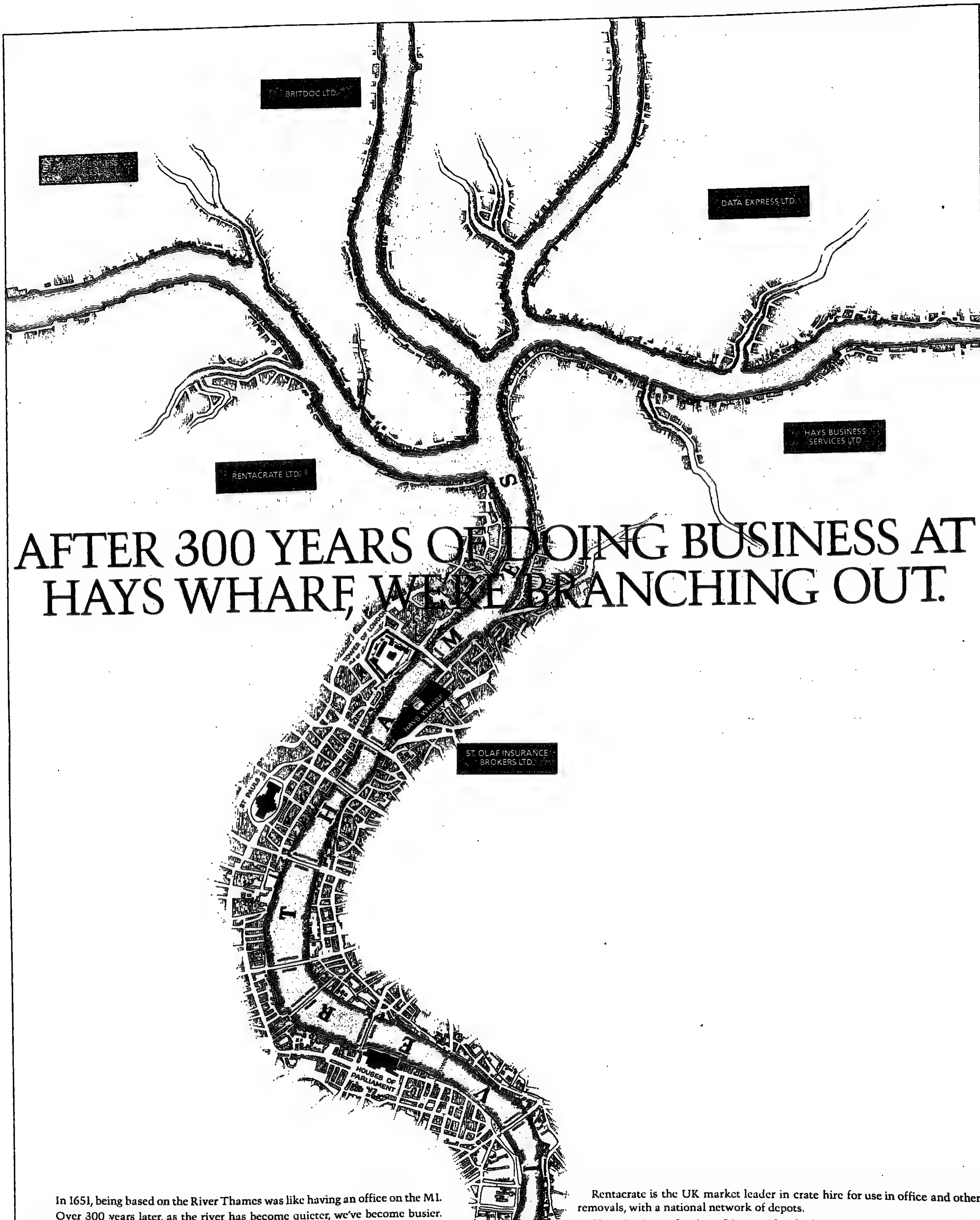

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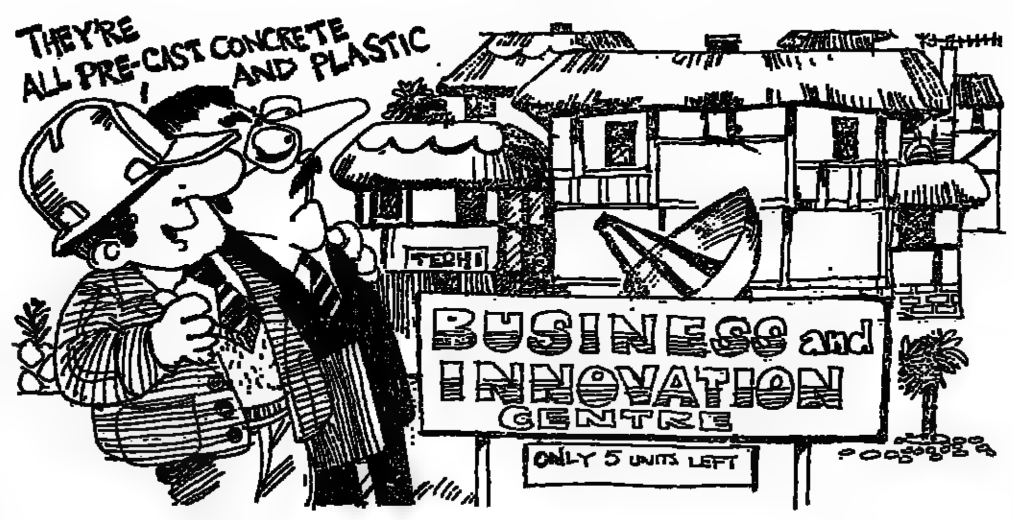
MANAGEMENT: Small Business



A Euro-network for nurturing enterprise

Charles Batchelor on the role of Business and Innovation Centres

JOHN WRIGHT, founder and chairman of Resdev, a small Halifax-based manufacturer of epoxy resin compounds used for factory floor coverings, had always been put off the idea of exporting by the cost.

Jan Heinink, technical manager of Unipro, a Dutch manufacturer of flooring compounds and adhesives based in Haaksbergen near Enschede, had been seeking a technology deal with a foreign company, though not necessarily a British one, for some time.

Six weeks ago the two companies signed a co-operation agreement. Resdev, which employs 12 and has annual turnover of £1m, will exchange its specialised knowledge of industrial floorings for Unipro's expertise in decorative finishes.

The British company gets a 3 per cent commission on any sales Unipro makes and is also supplying Unipro (turnover Fl 20m [£6m] and 32 employees) with a compound which uses raw materials not available in the Netherlands.

The two companies were brought together through an ambitious and controversial European Commission initiative aimed at establishing a network of Business and Innovation Centres (BICs) throughout the community.

Resdev was given a European push by the new Calderdale BIC which is being set up in Halifax while Unipro was prompted by the Bedrijfs Technologisch Centrum Twente, a four-year-old BIC based on the business and science park in Enschede.

Calderdale and Twente are part of a four-way data link-up which takes in two other BICs, Promotech in Nancy, France, and SOCRAN (Societé de Création d'Activités Nouvelles) in Liege, Belgium. Ultimately all BICs throughout Europe will be linked.

The speed with which cross-border contacts are being formed has surprised and delighted the BICs although international co-operation is only one of the aims of the European Business and Innovation Centre Network (EBN), the Brussels-based umbrella organisation.

Christopher Norman-Butler, EBN's executive chairman, describes the centres as "science parks devoted to launching viable and innovative small companies." Typically the companies they back will employ between five and 10 people—they do not support the lone inventor—and require venture capital funding of £50,000 to £100,000.

The centres, which are linked to a nearby university or polytechnic, provide technical, financial and management advice as well as premises. The aim is to bring the company to the point where it can obtain a stock market quotation.

By rigorously selecting companies before giving them backing and by watching them closely once they get started, the BICs hope to reduce the failure rate to just 20 per cent in the first five years, well below the average for all company start-ups.

BICs are part of the European Commission's efforts to promote smaller enterprises and to overcome the technology gap which has opened up between the community and the US and Japan.

But are BICs the answer or are they just another example of Brussels meddling in matters which the individual member countries are quite capable of handling themselves? BICs have been deliberately modelled on the more successful European and US science parks and even include science parks, such as Aston in Birmingham, among their founder members.

In addition, Britain already has its own 13-strong innovation centre network grouped under the Association of Innovation Centre Executives (AICE), more than 300 (admittedly lower tech) enterprise agencies and several hundred managed workshops. Most other countries in Europe are also starting to develop their own national networks of innovation centres.

The European Economic and Social Committee, which represents the views of employers, trade unions and other interest groups, recently warned the Brussels commission against duplicating existing national programmes and called for a close monitoring of the BICs' achievements.

Harry Nicholls, chief executive of Aston Science Park, says: "We now have half a dozen bodies which have arisen from individual initiatives. They have all been set up in the past two or three years because people around the world all saw the same problems. It is time we brought them all together." EBN's Norman-Butler agrees that there has been a "muddle of titles" but claims there is a role for the BICs among all the other competing organisations.

"The difference is in the scale of our operation," he says. "The BICs are tackling what the enterprise agencies and the managed workshops cannot. A BIC should be capable of launching between ten and 15 new companies a year."

And while the best science parks have provided advice and support to launch innovative new companies, many have been industrial estates by another name—renting out factory and office space but taking little interest in their tenants, he adds.

As for the AICE innovation centres, Ken Donaldson, secretary of the organisation, agrees that his members have a different clientele and a different way of solving their problems. Many of the people they help are individuals with a good idea but no money and they are often best advised to licence their product to an existing manufacturer rather than set up a company to do it themselves.

The first test of how the different organisations co-exist could come at Calderdale which has decided to set up a BIC as an umbrella organisation for existing initiatives. These include an AICE-style innovation centre and high-tech training and information projects.

Norman-Butler also rejects the charge that EBN is a bureaucratic organisation. While it expects to pump £100m of the commission's money into BICs over the next few years it has an executive team of just six people in Brussels.

The first plans for BICs came from the European Commission's directorate-general for regional policy in 1983. By November the following year a group of 12 existing science parks and innovation centres had been formed into an embryonic network.

Growth since then has been rapid and there are now 45 members throughout the community. With the exception of Greece and Luxembourg, every country has one and EBN hopes to expand into Austria and Turkey. It plans to add another 60 to 80 centres over the next three years.

While the early members were existing organisations which adopted the BIC label, purpose-designed centres are now springing up using a manual of "best practice" which has been drawn up by EBN.

The centres will be financed by local industry, the public sector and by Brussels, which will meet half of the cost of centres set up in the EC's assisted areas (those in other areas must do without community funds). But the aim is to make the BICs financially self-supporting after five to seven years. They are expected to draw income from renting premises and royalties and minority shareholdings in their successful client companies.

But it will be difficult to charge young companies a realistic consultancy fee and spotting enough winners to provide a substantial income from royalties will be equally tricky. BICs might be tempted to back safer, less innovative companies simply to guarantee an income, The Planning Exchange, a specialist Glasgow-based consultancy, warns.

Whatever the longer-term uncertainties, though, existing members of the BIC network are enthusiastic.

Robert Frederic, head of SOCRAN, says the financial backing his organisation has received from Brussels has been invaluable. "EC finance allowed us to establish the proper links with Calderdale, Twente and Nancy. We might have tried to do something like that on our own but it would have been a much more amateur effort."

His counterpart at Twente, Gijsbrecht van Driem, echoes this view. "EBN support helps us to get subsidies. It acts as a seal of quality and channels community funds to this sort of centre more quickly," he notes.

John Blackburn, head of strategy at the Borough of Calderdale, says the BIC framework, with its ultimate goal of financial self-sufficiency, gives a more commercial look to a local authority initiative. "It's important we create the right forum to link with private industry and make local companies realise they are part of the European market."

EBN, Rue Froissart 89, Box 5, 1040 Brussels, Belgium; AICE, PO Box 6, Beverley, North Humberside, HU17 7RL; Borough of Calderdale, Chief Executive's Department, Town Hall, Halifax, HX1 1VJ; BTC Twente, Postbus 545, 7500 AM Enschede, The Netherlands.

Further step up the ladder

Charles Batchelor on Britain's new small firms minister

JOHN COPE, the UK's newly-appointed Minister of State at the Department of Employment, emerged last Thursday as the minister responsible for small firms policy following David Trippier's move to the Department of the Environment.

As a minister of state, Cope is one step further up the ministerial ladder than his predecessor but is still not in the Cabinet—a level of seniority for which a number of the small business organisations have been lobbying.

The decision to leave small firms affairs at the Department of Employment now that Lord Young and Kenneth Clarke have both moved to Trade and Industry has puzzled many. This move appears to leave the small firms minister cut off from the two senior ministers most closely involved in many aspects of the enterprise society.

And while Lord Young and Clarke will be involved in the regeneration of inner cities, the small firms expertise which forms an important part of this

John Cope: accountant by training

programme has been left at the Employment Ministry.

One suggestion last week was that the original intention had been to move responsibility for small firms to the DTI with the two ministers but that Norman Fowler, the new Employment Minister, lobbied successfully for it to be left where it was.

Cope, who is 50 and a chartered accountant by training, has a long-standing interest in the small firms sector, though less of a practical involvement than his predecessor who took the initiative in setting up one of the first local enterprise agencies in his constituency of Rossendale.

The new minister co-authored a pamphlet on small firms, Acorns to Oaks, in 1969 and was vice chairman of the Conservative back-bench committee on small business until 1979. He is a vice president of the National Chamber of Trade.

Government policy on small firms has moved away from direct intervention in the form of new support programmes and the emphasis has switched to broader economic measures such as cutting taxes and reducing the administrative burden of VAT.

But the various small firms organisations still have a lengthy list of demands for improving the business climate. How the new minister interprets his brief and the freedom he has to push any new policies remain to be seen.

In brief . . .

A BOOKLET to help smaller firms apply for defence research funding has been produced by the Ministry of Defence as part of government efforts to assist them to win defence contracts.

The MoD commissions about £150m worth of research work each year in industry, universities and colleges and has set £1m aside to back its Small Firms Research Initiative.

The initiative was first launched last November and has already produced a flow of applications but the booklet goes into greater detail on suggested research topics and on how to apply.

For copies write enclosing sae to MoD CS(PS)2 Gen, Strathville Road, Wandsworth London SW18 4QU.

●

A FUND which will concentrate on investment opportunities in China and Hong Kong has been set up by Orange Nassau, a Dutch venture capital company with operations in the US.

ChinaVest will join with Western and Asian partners to take minority shareholdings in companies based in China and Hong Kong which are engaged in service and light manufacturing activities. The fund has an initial $12.25m to spend but will limit individual investments to under $1m.

It will invest in companies which alleviate bottlenecks in the industrial and service sectors in China and in light manufacturing businesses which increase China's exports.

Apart from providing funding, ChinaVest aims to help companies establish enterprises in China, assist in technology transfer, recruit staff and provide financial and strategic advice.

It has already made two investments, in a freight forwarding and storage company operating on the Chinese mainland and in a company based in China and Hong Kong which designs and makes televisions and TV kits.

●

PROJECT NORTH EAST, the Newcastle-based enterprise agency, has produced a Youth Business Kit consisting of four training courses aimed mainly at young people thinking of starting a business. There is a fifth course, the Enterprise Option, aimed at those in regular contact with 16 to 25-year-olds and also a pack of loose-leaf fact sheets giving background information.

The training packs contain guidance notes on how to use the material, tutors' notes and master copies of handouts and acetates for overhead projectors. The package can be used for a complete Start Your Own Business Course or as a series of separate courses.

Prices of the individual courses range from £10 to £35 or the complete kit can be ordered for £100.

Contact: Linda Heitmann, Project North East, 60 Grainger Street, Newcastle upon Tyne, NE1 5JG. Tel 091 261 7856.

●

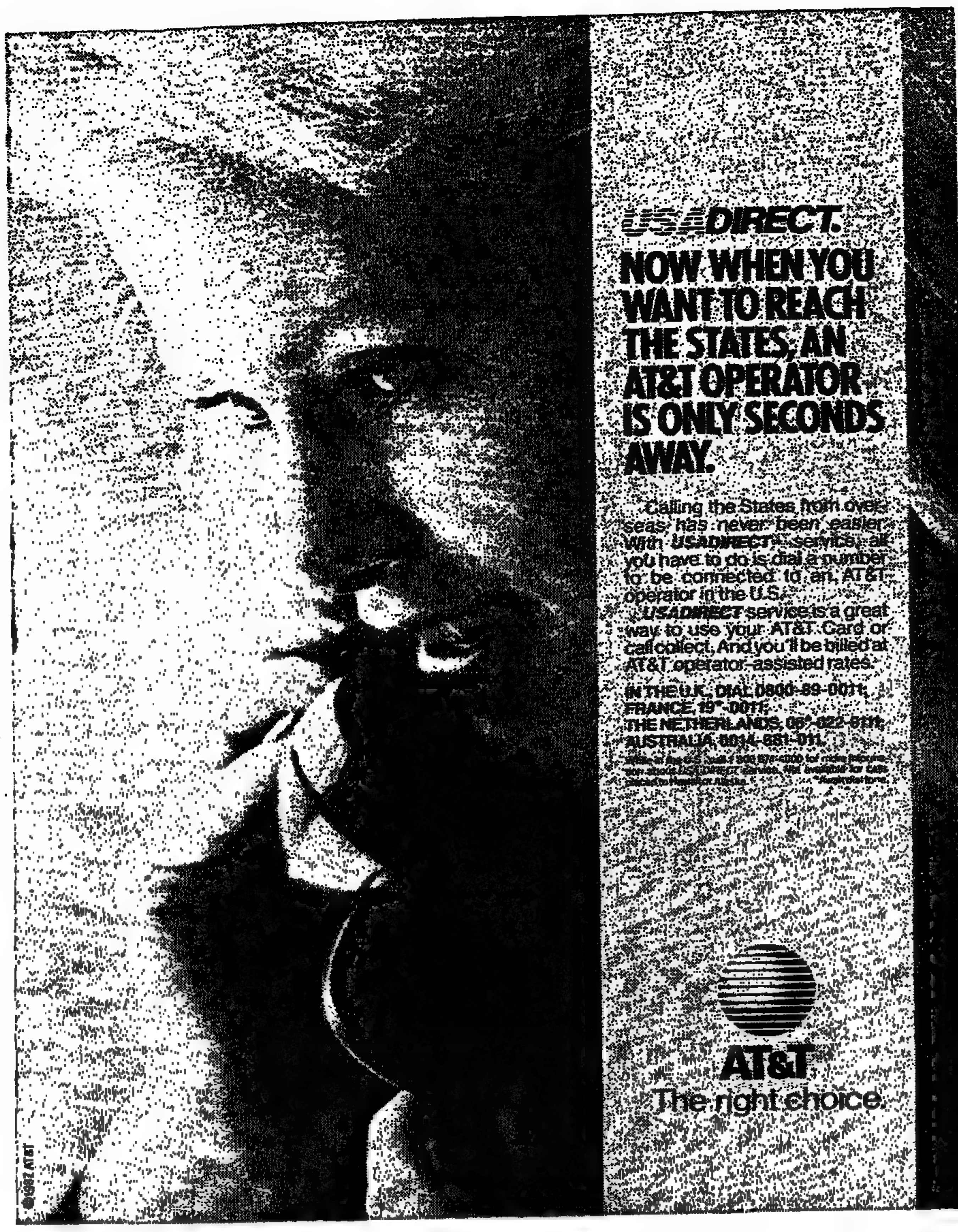
A FREEFONE service providing confidential advice to managers planning a buy-out of their business has been launched by Spicer and Pegler, City accountants.

Launched yesterday, the service is open until 9 pm Monday to Friday and will be manned by senior staff and partners from the firm.

One of the partners, Adam Mills, says: "Management buy-outs are all about timing and experience. We found that the early days of a buy-out are characterised not by the execution of well-laid plans but by frustration in not knowing where to turn first, exacerbated by the need to act in great secrecy."

For help managers should call Freephone Management Buy-Outs.

BUSINESS OPPORTUNITIES ADVERTISING
CONTINUED ON PAGE 15



FT LAW REPORTS

Laytime runs from final entry

PRESIDENT OF INDIA v DAVENPORT MARINE PANAMA SA

Queen's Bench Division (Commercial Court): Mr Justice Webster: May 21 1987.

WHERE LOCAL law of port of discharge provides that a vessel cannot unload before final customs entry is granted, charterparty terms that laytime begins to run after the vessel has been "entered at customs house" mean that time runs after final entry and not after application for entry.

Mr Justice Webster so held when allowing an appeal by the President of India, charterer of the Albion from an arbitration award in favour of shipowners, Davenport Marine Panama SA, in a dispute as to commencement of laytime.

MR JUSTICE WEBSTER said that by a voyage charterparty on Baltimore form C, dated December 10 1982, the owners chartered the Albion to the charterer for the carriage of a cargo of wheat from Galverston to Madras.

Under the charter party commencement of laytime was governed by additional clause 34, which provided that time was to count from 24 hours after receipt of notice of readiness, "vessel also having been entered at customs house. . . ."

A discharge clause in identical terms had been considered by Mr Justice Bingham in *the Apollon [1983] 1 Lloyd's Rep 409*, and by Mr Justice Lloyd in *the Delian Leto [1983] 2 Lloyd's Rep 496*.

The discharge port in those two cases was Bombay. In both Bombay and Madras there was a customs procedure which consisted of a preliminary stage and a "final entry" stage.

In both cases and in the present case, the arbitrators decided that the vessel had been "entered at custom house" when the preliminary stage occurred. In *the Apollon* and *the Delian Leto*, the court upheld those decisions. Both cases lacked a finding that discharge prior to final entry was illegal because of sections 30 and 31 of the Indian Customs Act 1962.

In *the Apollon*, it was found that the vessel had been entered at the Bombay customs house on September 19 under "prior to entry" rules which entitled vessels to be entered prior to arrival, so that they could commence discharging on arrival. Upon arrival, the import general manifest (IGM) would be presented for final entry purposes and the final IGM would be admitted after bureaucratic delay. Thus *the Apollon* commenced lightening before the final IGM was presented or admitted.

It was found that the vessel had already been entered at the customs house prior to notice of readiness, on September 19.

The umpire who was not shown the Customs Act, rejected the charterer's contention that it was illegal for the vessel to discharge prior to admission of the final IGM. Mr Justice Bingham held he was entitled to hold that for all *practical purposes* the entry that mattered was the entry which occurred on September 19.

In *the Delian Leto*, the vessel was entered with the customs house seven days before arrival at Bombay. The umpire concluded that "vessel having been entered at customs house" was satisfactorily complied with on that date. He found that once entry had been given under the prior to entry rules, final entry was a *pure formality* which had no bearing on the date of berthing. Mr Justice Lloyd dismissed the charterer's appeal.

Section 30 of the Customs Act provided that in the case of a vessel an import manifest might be delivered to the proper officer "before the arrival of the vessel" at a customs station.

Section 31 (1) provided that imported goods should not be unloaded "until an order has been given by the proper officer granting entry inwards to such vessel." Subsection (2) provided that no such order should be given "until an import manifest has been delivered. . . ."

In the present case the vessel filed an entry inward application on February 9 1983, tendered notice of readiness on February 18 and berthed on February 21. She was granted final entry by the customs at time of berthing.

The arbitrators *found there* was a clearly established practice in Madras under which an entry inward application was filed before arrival of the vessel. When the application was filed the vesel was assigned an import manifest number. Final entry was granted after a check had been carried out that the goods on board matched the declaration in the manifest, whereon permision to discharge was given.

The evidence was that final entry was always granted only on berthing.

There was no express finding as there was in *the Apollon* and *the Delian Leto* that the vessel had been entered with customs under the prior to entry rules. Moreover, the arbitrator accepted the charterer's evidence of Indian law that discharge prior to final entry was illegal under the 1962 Act.

The *position* was that Mr Justice Bingham and Mr Justice Lloyd construed "having been entered at custom house" as referring to the first of the two entries found to have been made.

But the factual matrix which Mr Justice Bingham considered did not include sections 30 and 31 of the Act; and although those sections were before the umpire and the court *in the Delian Leto* it seemed probable that their materiality was not argued.

Also, whereas in those two cases there were findings that the vessel was entered at the first stage of the procedure, there was no such finding in the present case.

In *the Apollon*, there was a finding that the first entry permitted discharge to commence. There was not only a contrary finding in the present case, but also a finding that discharge prior to final entry would have been illegal. In *the Delian Leto*, there was a finding that once the first entry had been given, final entry was a pure formality. In the present case there was no such finding.

For those reasons the court in the present case must put its own construction on clause 34 in the light of sections 30 and 31, as part of the factual matrix existing *when* the clause was agreed.

It was accepted that the two sections contemplated a two-stage customs procedure and contemplated delivery of an import manifest to customs before the arrival of the vessel.

But it did not follow that delivery of the manifest necessarily, or even *prima facie*, constituted "an entry." The word "entry" only appeared in section 31(1), where the reference *was unquestionably to* final entry.

Therefore, if "entered at custom house" *in clause 34* was construed in the light of the two sections, "entered" could only mean "entered on final entry." There was no reason to construe the words as meaning or including the filing of an entry inward application.

The arbitrators came to a different conclusion partly, it seemed, because they were influenced by the decision in *the Apollon* and *the Delian Leto* and partly because they did not construe the clause in the light of the Act.

If the clause was not construed in the light of the Act, "*having* been entered at custom house" as a matter of authority, namely the decisions of Mr Justice Bingham and Mr Justice Lloyd, related to prior entry and probably to filing the entry inward application. If the clause was construed in the light of the Act, the words could not have that meaning.

Conclusive weight was not attached to the fact that discharge before final entry was illegal. The court was merely construing the words of the clause in the light of sections 30 and 31. It was recognised that time could be made to run from any arbitrarily chosen point, and that there would be nothing to prevent time running, though discharge would be illegal, if a clause properly construed had that effect.

The arbitrators, who had the Customs Act before them, misdirected themselves when they concluded that "entered" could refer to an application for entry at the first stage of the procedure. The 24-hour period ran from the time of entry at custom house. Laytime commenced on February 22.

The charterer's appeal was allowed.

For the charterer: Andrew Bano (Zaiwalla and Co).

For the shipowners: Alistair Schaff (Richards Butler and Co).

By Rachel Davies
Barrister

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Business Wanted

BUSINESS WANTED ADVERTISING ALSO APPEARS TODAY ON PAGE 10

THE ARTS

Tate Gallery/William Packer

Sensations of light

Of all the abstract expressionist artists of the post-war New York School, Mark Rothko is one whose reputation is still secure as a major figure in 20th century art. Quite how long it can remain so high is a moot point, and no doubt the important retrospective exhibition of his work now at the Tate Gallery (until September 1) will affect the balance one way or the other. But the show clearly demonstrates the serious and substantial nature of his achievement.

Within these past 25 years or so, Mark Rothko has enjoyed successively two distinct reputations: the first partial and distorted, the second more credible for being founded in his work as a whole. We are inclined to forget how overwhelming the effect of the new American painting in the late 1950s and early 1960s was upon our tender European sensibilities. The claims too, which were advanced on its behalf by an enthusiastic and hardly disinterested American critical machine, were equally exaggerated.

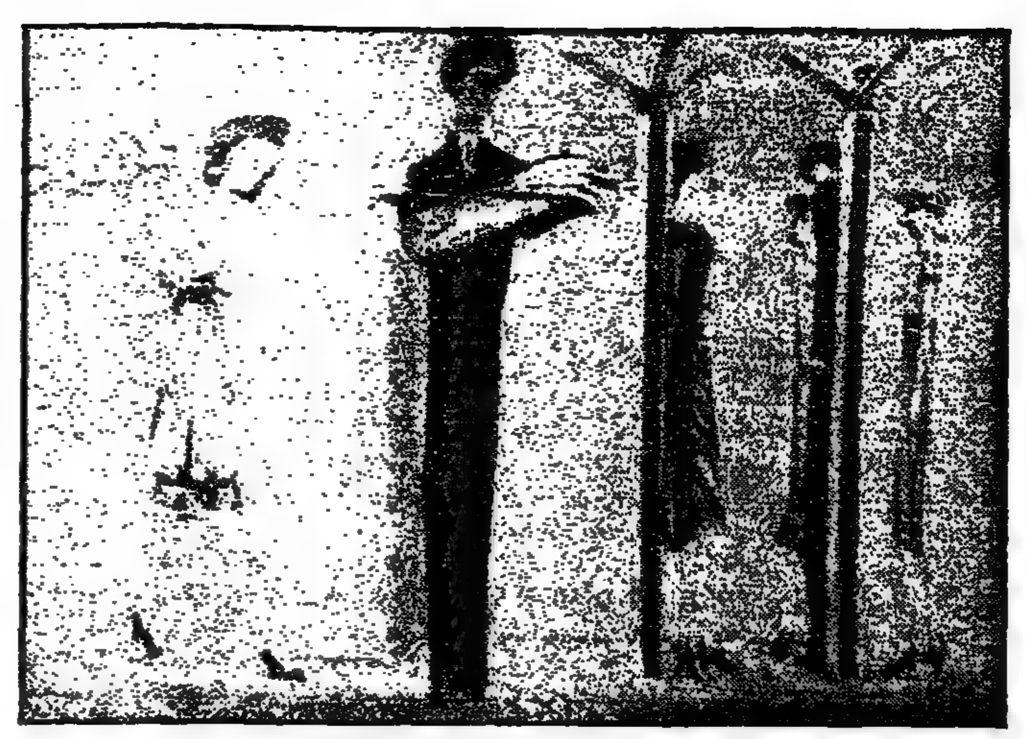
Time has shown us that this was not after all the greatest art since the world began, but that it was not all entirely without merit and over-sold. The good artists have benefited by the revision, and can now be set into the wider, truer context of the art of this century to occupy an honourable position among their peers. Rothko is but one of the more prominent.

His work has been turning up now and again in England, at the Tate and elsewhere, since 1955 and in 1961 Bryan Robertson brought to the Whitechapel a retrospective of his work since 1945. My own first experience of a sizeable group of his paintings came early in 1964, when they filled the old New London Gallery. None of them was especially large, some very small, but all conformed to what was by then the established Rothko format: soft-edged bars and rectangles of delicate, intense and apparently unmodulated or figured colour laid with the lightest, subtlest of touches upon a unifying colour field or ground. One thought at first it was their simplicity that so took the breath away, but there was more to them than that. For here were images that were not images, but empty of all reference or suggestion other than of a deep and ambiguous space. They were, perhaps, as meaningless as a mantra or the repetitions of the rosary, but as spiritually efficaceous, disciplines in vision itself and the visual imagination.

He hit upon that format in 1949 — though he had been teasing his way towards it over the previous two years — and was to remain faithful to it until his death by his own hand at the age of 60 in 1969. For 20 years he worked nothing but variations upon it, save that in the later years the tonality would grow even more sombre, the scale regularly more ample, the colours deeper, the mood no longer celebratory but oppressive and oppressed. Some of the last paintings are the simplest and the bleakest, the canvas divided by the single horizontal abuttment of two tonal fields, black above and grey below. Sky and sea: infinite space; desolation: they are at once among the saddest and most beautiful of modern paintings.

Such was the scope, barely 20 years, of Rothko's first reputation as a genius, beginning with the turn and development of his work upon exhilarating formal and personal discovery. Such a radical breakthrough might have led him on in turn who knows where, but instead it became fixed upon him like a trademark, a personal, immutable and, of course, highly marketable style. Finding your own thing was all very well ,but sticking to it was the dealers' imperative of the 1960s.

All that has changed, and now it would be quite impossible to leave aside the Rothko of the earlier and formative work. In 1978 Diane Waldman of the Guggenheim in New York gave us a spectacular and definitive study that took him back into the 1920s, and a show at the Whitney about the same time set the 1940s as the general context, *The Formative Years* of abstract expressionism. Now, nine years on, in a somewhat smaller show than the Guggenheim exercise, the Tate takes the later starting point of 1932, but it benefits from the mass of intervening research and scholarship (of which the catalogue supplies an admirable digest) and it gives us the fullest view we have ever had in Britain of the life's work of Mark Rothko.



"Subway," 1930s, by Mark Rothko

And what we discover is no hero of American isolation, but a true artist of the old universal sort, steeped in the western tradition of the modest movement, whose work matured over some 40 years into a coherent whole. That first painting, of 1932, makes the point, a small ostensible *Interior* with figures that could still hang happily with anything that came later. Small figures cluster between pillasters and the suggestions of flanking statuary—and for all the intimations of a public and pictorial space, we are given simply a facade and a flat surface divided horizontally and vertically with a stark simplicity.

Following the loosely chronological hang, we move from the overt figuration of the 1930s into the more equivocal surreal expressionism of the 1940s, graphic and linear at first, that becomes ever more amorphous and unspecific, fuller and flatter across the surface and more painterly and simple. The concern from 1947 or so, becomes entirely that of colour on surface, and the sensations of light and space they generate; we find ourselves quite taken up with Rothko's own excitement and delight in what he is doing.

This phase of the show, and its confirmation through the work of the 1950s, so wonderfully varied and inventive for all the narrow formal range it embraces, is extraordinary. The galleries are lit at the low levels of Rothko's known preference, yet here the light seems to flood and swell off the walls from some unknowable source within the paintings themselves, yellow, pink, green and red, magical and luxuriant.

Ernst Krenek/Almeida Festival

Paul Driver

The composer Ernst Krenek is as old as the century; he has not merely passed through it but lived it out energetically, and reflected in his work the main developments of modern musical history as completely as anyone. He has known everyone (married for a time to Mahler's daughter, associate of Schoenberg, Webern and Berg, friend of Rilke and Thomas Mann) and explored every musical genre and technique. He has composed some 20 operas and his opus numberings are now in the middle two hundreds. He has written books, articles, librettos, poems. He has enjoyed colossal success (with the "jazz-opera" *Jonny spielt auf*, of 1927) and suffered prolonged neglect (for instance, until recently in his native Vienna). It was moving and strange that such a life should also lead to an indifferent summer's afternoon at the Union Chapel in Islington, where on Sunday, Krenek was an observable small figure, frail but sunburnt, attending the first part of a day of tribute to him—an organ and violin recital, not alas the most crowd-pulling of events, which was given by Martin Haselböck and Ernst Kovacic.

Two of Krenek's works were programmed here: his *Opus 231* (1979) for violin and organ — a fairly austere and abstract essay; and his *Four Winds Suite* (1975) for organ alone a piece full of spiky bravado (the shrill opening, "Euros" or East Wind movement was truly like a lash in the face) and with little moments of poetry (the canons of *Notos*, or South Wind). Immediately after the recital, Krenek moved down the road to the Almeida Theatre for a second concert of his music, this one designed as a retrospective of his career and covering his main stylistic changes. He introduced it himself in extremely eloquent fashion; his short talk about the five pieces was like a potted history of 20th century music: there was the "free atonality" ("whatever that may mean," he interpolated) of *Symphonic Music for 9 Solo Instruments* op.11, the romantic neo-classicism of *Durch die Nacht*, a song-cycle to words by Krenek's friend Karl Kraus, the electronic music of *Tape and Doubles* (1969), the total serialism of *Sestina* (1957), and the retreat to eclecticism of *Von vorn herein* (1974).

The concert was performed by the Almeida Ensemble conducted by Elgar Howarth. The *Symphonic Music* is an impressively close-argued two-movement span, a challenge to the intelligent ear yet also maintaining a certain lightness of tone. *Durch die Nacht* was persuasively sung by soprano Penelope Walmsley-Clark, but struck me nevertheless as over-hectic in its romantic inspiration, not quite convincing. *Tape and Double* performed on two pianos by Andrew Ball and Julian Jacobson, with the tape part looked after by members of EMAS (Electro-Acoustic Music Association of Great Britain, which plays a day-to-day role in the Almeida Festival) was a worthy experiment in the synchronisation of live and pre-recorded elements, but the antics of the pianists inside their pianos, flourishing hammers (the metal kind), striking the wood of the instrument, etc, taken with some of the more graphic electronic splurges and expostulations on the tape produced an inescapably risible effect.

Sestina, for soprano and ensemble draws a parallel between the extreme rigidity and consequent arbitrariness of meaning of a sestina verse-form, and the unpredictability of outcome in totally pre-determined serial music. The score is indeed total-serial, and just about as dry as such things come. But it is a wilful parody of Darmstadt style, its own pointlessness more or less put in quotes. *Van vorn herein* ("From the outset") was much more acceptably "wet"—a melée of tricks, idioms and techniques, but punchy and alive.

Krenek was also involved, unexpectedly, in a marvellous late-night concert at the Almeida Theatre on Sunday given by the ensemble *die reihe* from Austria. Two works by the ensemble's conductor, Friedrich Gerha, were played, both featuring H. K. Gruber as idiosyncratic baritone *chansonnier*. The second, a musical-visual-literary panorama of contemporary Vienna, had texts by Ernst Kein (hence the piece's punning title, *Keintate*) which Krenek had translated into English. The 49 little settings and intermezzos were bracing and engrossing in the txtreme—Gerha's music is brilliantly tonal and parodistic, in just the way, in fact, that Mahler's music is. The photographs were fascinating, the playing by the ensemble was fabulously exuberant, and Gruber's performance was immense.

New Orleans in Lugano Jazz Festival

Kevin Henriques

So much rain fell and lightning flashed in the concluding stages of this year's *New Orleans in Lugano* jazz festival that the final two hours' programme was completely abandoned. The unwelcome torrent and resulting large pools of water prompted the wry thought of re-naming the Swiss lakeside resort Lagoono. Happily, before the premature halt, the enthusiastic listeners had heard many hours of quality playing and singing in the festival's six centrally located piazzas.

Admittedly there was also some mediocrity. Sadly most of the Swiss bands occupied this category and it was left to pianist Fritz Trippel, one of the daily successes on the stand in the Piazza San Carlo, devoted exclusively to piano jazz, to redeem Switzerland's reputation with hour-long sets of stylish playing of tunes from the swing and post-swing eras.

With a roster of eight pianists each making several appearances in this compact piazza and all specialising in mainly blues, boogie woogie and ragtime, presentation assumed major importance. Jamaica-born Errol Dixon, who now works mainly on the Continent, underlined this with his outsize extrovert personality. He pounded the piano relentlessly, much to the barely concealed chagrin of the other pianists whose comments about his twice-daily assaults on the instrument were unprintable!

This was Dixon's Lugano debut, unlike Al Copley, the undisputed discovery of last year's festival and inevitably invited back. Copley is somewhat of an extrovert performer too, but in a more relaxed, restrained way, singing and playing the blues with two-handed gusto.

A bonus for Lugano audiences who, like festival audiences everywhere, cherish favourites, was the unscheduled appearance of another past success, Diz Watson from Britain, deputising at about a day's notice for an ailing singer-guitarist from New Orleans and whose blues stylings, influenced by authentic New Orleanian performers such as Professor Longhair, were greeted with huge enthusiasm.

Watson is a British performer who works mainly outside this country. So is Dana Gillespie, a seemingly unsuitable jazz festival choice for those who remember her stage and film activities here but who emerged one of the indisputable 1987 successes. She specialises in rather raunchy, unsophisticated songs, many from the repertoire of the sadly forgotten Julia Lee. She accompanied herself on piano for "The Organ Grinder Blues" which has such barely *double entendre* lines as "It's not your organ but the way you grind," whose pith almost certainly passed over the heads of the mainly Italian-speaking listeners.

Chris Smith

Dana Gillespie

The other British representative was the Humphrey Lyttelton band which presented the most polished and most interesting jazz of the festival and additionally had American trumpeter Yank Lawson as guest. Amazingly Lawson and Lyttelton had not only never previously played together but had never even met. This made their duetting and empathy on the stand all the more astonishing. Lawson, just past 76 and at the end of a lengthy tour of Britain, did not play throughout each session but when he did his assurance and control were remarkable.

Apart from the Lyttelton band the most consistently satisfying group at the festival was the sextet of alto-saxophonist Claude Tissendier from Paris. This band (as I noted when reviewing their record in the FT last September) specialises in the subtle, feather-light music of the famed John Kirby sextet of the late 1930s. Despite fielding three substitutes for regular members, the Frenchmen swung with fleetness and finesse in crisp arrangements of tunes such as "Blue Skies" and "Royal Garden Blues" as well as the unusual "Beethoven Riffs On," based on the composer's Seventh Symphony.

The one other Continental band to impress was also a sextet, led by Italian clarinettists Bruno Longhi and Gianni Sanjust who, with vibraphone plus rhythm section, injected freshness and sparkle into familiar material associated with Benny Goodman.

Space need not be expended on the major disappointments but singer-pianist Marcia Ball from Texas did not seem equipped vocally or by her material to carry a long set with only trio backing and the grandly named, personality-packed septet, The New York City Swing All Stars, containing three former sidemen from the Count Basie band, did not once enjoy the best playing conditions.

This year a total of SFr 270,000 was injected into the festival with most of the money coming from its chief sponsor Credito Svizzero (Credit Suisse), with contributions in kind from, among others, the town of Lugano and Crossair, Switzerland's internal airline. Local businessman Marino Zimmermann, chairman of the festival's organising committee, intends to continue for 1988 the event's intentionally low-key atmosphere—this is one of its charms. He also wants to reduce by about four the number of bands and hopefully increase the quality of the others. A wise decision. Regrettably Signor Zimmermann does not have organising powers over the weather for next June in Lagoono.

The Gershwin Years/Barbican

Andrew Clements

George Gershwin died 50 years ago on July 11. Among the numerous celebrations in London the Barbican/London Symphony Orchestra series "*The Gershwin Years*" is by far the most ambitious and substantial — five orchestral concerts conducted by Michael Tilson Thomas, and the familiar Barbican panoply of ancillary events and exhibitions, together with a handsomely produced festival programme that contains at least one fascinating and provocative essay on Gershwin's status by Robin Holloway.

So far so good. It promises to be a splendidly thorough and proficient survey of a composer who by any standards is established as one of the most popular (perhaps *the* most popular) of the century, and for whom considerable claims have been made by eminent musicians and musicologists from Schoenberg on. Holloway furthers those claims: "One of nature's grammarians," he calls Gershwin, "with an exactness in gauging chromatic inflections in tonal contexts surpassed only by Schubert and Chopin," and asserts that those who dismiss Gershwin because his art was expressly designed to be enjoyed by the widest possible audience are guilty of hypocrisy and cultural self-deception.

It would be much easier and more comforting to be able to agree. But the opening concert raised again far more awkward questions than it answered; whenever Gershwin's large-scale works are programmed (and even his greatest admirers admit the construction of, say, the *Rhapsody in Blue* to be ramshackle) one is forced back on to Hans Keller's telling description of Gershwin: "A major master of minor forms."

The central panel of Sunday's concert was the most effective—arrangement by the veteran Hollywood arranger John Green of four of the most enduring of Gershwin songs from *Shall We Dance*, sung with straightforward effectiveness by Paul Nicholas, and illuminating Gershwin's priceless gift for marrying words and melodies with absolute precision. But the two large-scale works included—*The Cuban Overture* and the *Second Rhapsody* for piano and orchestra — immediately revealed the limitations of that gift.

Gershwin's construction methods in pieces like the *Second Rhapsody* are frequently called "continuous variation," implying a highly disciplined and thoroughly planned working out of musical material that were it to be analysed would be found to be as rigorous as any piece of mature Schoenberg. The problem is that the ear doesn't assimilate it like that, but is carried along from one attractively packaged melody to the next on a wave of adrenalin, so that the precise details of the variation process can be ignored.

Certainly Tilson Thomas and the LSO's performances, brash and swaggering where appropriate, delivered all the necessary frissons. They carried over their exuberance into Schoenberg's orchestration of Brahms' G minor Piano Quartet (completed during his years on the West Coast when he played ping-pong with Gershwin), and a fascinating trio of Hollywood scores of the period—Oscar Levant's dark and congested Dirge, written as a memorial to Gershwin, David Raksin's title theme from Minnelli's *The Bad and the Beautiful* and two numbers from Leonard Bernstein's *On the Town* music. Bernstein and Gershwin as popular composers—now that conjures another set of arguments altogether.

Previn's selection/Festival Hall

Dominic Gill

Sunday night's Royal Philharmonic Orchestra concert under the baton of André Previn at the Festival Hall was the first of a series running between now and July 5 which goes under the winsome title (surely not Previn's own ?) of "The André Previn Selection," and under the still more winsome subtitle of "A fortnight of Music and More." It is a characteristically eclectic list. The "more" extends to The London Contemporary Dance Theatre, and to Tom Stoppard's piece for actors and orchestra *Every good boy deserves favour*. The music ranges from Telemann to Messiaen, Weill and Gershwin, and from the Pasadena Roof Orchestra, through an impressive selection of Previn's all-time jazz favourites (Herbie Hancock, Miles Davis, Dizzy Gillespie, Oscar Peterson, the MJQ), to Georgie Fame.

Previn has only quite recently come to Messiaen's *Turangalila* symphony, and his performance of it with the RPO on Sunday, as the curtain-raiser to his series, was a triumph. Throughout the piece he negotiates that impalpable line between sentiment and sentimentality (in much of Messiaen's music especially a fine but crucial distinction) with remarkable ease. Even the ripest indulgencies of the score—the first of the three developments of the *Chant d'amour*, for example, or the heady music of the *Jardin du sommeil d'amour* — emerged fresh and bright, uncloyed.

Much of this was due to Previn's own fine rhythmic tuning of the long, complex repetitive paragraphs. Conductors of *Turangalila* are sometimes tempted to press home the point, and hold up the flow of the argument, with a grand rubato or two in just the wrong places. Previn kept the movement of the music vibrantly alive, without ever imposing a metronomic pulse—the line was clear, expressive, with unstoppable forward momentum. A word of praise for the pianist Paul Crossley, whose contribution was beautifully (and where necessary, weightily) gauged; and for the sensitive *ondes Martenot* playing of Cynthia Millar.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

June 19–June 25

Opera and Ballet

WEST GERMANY

Stuttgart, Württembergisches Staatstheater: Krisztina Laki, Rüdiger Wohlers and Helmut Berger-Tuna star in Martha. Alceste, produced by Robert Wilson, stars Dunja Vejzovic, Tomoko Nakamura and John Sandor. Also in repertory is Die Frau ohne Schatten, Fetonte, Fidelio and Jenufa.

München, Bayerische Staatsoper: Otello stars Magaret Price, Carlo Cossutta and Piero Cappuccilli. Die Zauberflöte is also in the repertory, together with La Bohème with Gabriela Benackova, Julie Kaufmann, Thomas Hampson and Thomas Woodman.

LONDON

Royal Opera, Covent Garden: A mixed bag of repertory pieces this week: La Bohème, an effectionate revival under Giuseppe Patanè's experienced baton, with Cynthia Hamon and Ilona Tokody alternating as Mimi; yet another round of Barbers, this time with Leo Nucci (Figaro), Paata Burchuladze (Basilio) and Lucia Valentini Terrani (Rosina) new to the production; and the dull, unstylish new Manon, conducted by Jeffrey Tate, with Julia Migenes and Neil Shicoff the unsympathetic leading couple.

English National Opera, Coliseum: The closing week of the ENO season includes the knockout new David Pountney production of Shostakovich's Lady Macbeth of Mtsensk, brilliantly conducted by Mark Elder, with Josephine Barstow giving one of her greatest performances in the title role; and final performances of two less successful Pountney shows, the tacky rubbish-dump Carmen (Jean Rigby and Arthur Davies game but hampered as Carmen and José), and the elaborately Gerald Scarfe-designed Orpheus in the Underworld.

NETHERLANDS

Amsterdam, Muziektheater. The ballet company of the Hungarian State Opera with Romeo and Juliet (Mon, Tue). William Forsythe's Artifact from the Frankfurt Ballet (Thur). (255 455).

Amsterdam, Soeterijn Theatre (Linnaeusstraat 2). Indian music and dance from Bengal (Mon) and Kerala (Wed) (56 88 500).

Amsterdam, Doelenzaal (Kloveniersburgwal 87). Krisztina de Chatel's Dance Group with Staunch (Wed, Thur). (239 112).

ITALY

Milan, Teatro della Scala: Mozart's *Marriage of Figaro* directed by Giorgio Strehler, designed by Ezio Frigerio: the cast includes Patrizia Pace, Milena Pauli, Oslavio di Credico, Ernesto Gavazzi and Giorgio Surjan, conducted by Riccardo Muti (Sat, Mon, Thurs). La Fille Mal Gardée, danced by Elisabetta Armiato and Biagio Tambone and conducted by Michel Sasson (Fri, Tues). (80 91 26).

Turin, Teatro Regio: Verdi's Nabucco conducted by Maurizio Arena, directed by Renzo Giacchieri (Sat, Tues) (548 000).

Naples, Teatro San Carlo: A ballet by Misha van Hoecke based on Neapolitan popular songs directed by Roberto de Simon (Sat, Wed) and Puccini's Tosca conducted by Gianluigi Gelmetti and directed by Filippo Crevelli (Fri, Sun, Tue, Thurs). Cast includes Carol Neblett, Lando Bartolini and Silvano Carroli. (797 2412).

Spoleto (30th Festival of Two Worlds), Teatro Nuovo: The Festival opens with the Stuttgart Ballet, under Marcia Haydee in a dance version of Tennessee Williams's Streetcar Named Desire (Wed). Wagner's *Parsifal directed by Giancarlo Menotti*, conducted by Spiros Argiris with sets by Pierluigi Samaritani and costumes by Roberta di Bagno (Thur). (40 265).

SPAIN

Barcelona, Pacini's 'Saffo' with soprano Montserrat Caballe and Juan Pons in the leads. M. Ramin conducts Liceu's Orchestra. Gran Teatre del Liceu, San Pablo 1. (Wed)

Madrid, 'Madrid en Danza' with Barcelona's Group Lanonima Imperial presenting 'Eppur si Muove'. Centro Cultural de la Villa de Madrid, Plaza del Descubrimiento. (Tue to Thur)

NEW YORK

New York City Ballet (New York State Theater): More than 40 works by Balanchine, Robbins Peter Martins and other choreographers will be part of the two month-long 38th season, including two new works by Martins set to music by Handel and Michael Torke. Ends June 28. Lincoln Center (870 5570).

Metropolitan Opera: The 21st season of free park concerts continues with La Bohème conducted by Richard Woitach with Hei-Kyung Hong, Vinson Cole and David Arnold. Great Lawn, Central Park (Tue). Bronx Botanical Garden (Wed).

Netherlands Dance Theater (Metropolitan Opera House): New York premieres of Jiri Kylian's L'Histoire du Soldat and L'Enfant et les Sortileges highlight the mixed programmes. Ends June 27. Lincoln Center (362 6000).

WASHINGTON

American Ballet Theatre (Opera House): Cynthia Gregory, Marianna Tcherkassky and artistic director Mikhail Baryshnikov return for the spring season of mixed programmes including company premieres of Sunset choreographed by Paul Taylor to music by Elgar. Kennedy Center (254 3770).

Wolf Trap: New York City Opera performs La Traviata (Tue, Thur), Tosca (Wed). Vienna, Va. (703 255 1868).

TOKYO

Stanislavsky and Nemirovich-Danchenko Moscow Musical Theatre Ballet: Swan Lake. Tokyo Bunk Kaikan (Thur) (265 6361)

Merce Cunningham Dance Company: Points in Space, Channels/Inserts, Grange Eve. Nakano Sun Plaza (Thur).

Flamenco Dance: Japan's best-known dancer, Shojo Kojima, returns to Tokyo with Spanish dancers including Antonio Morales. Cuadro Flamenco and Escenas de Amor. Hakuhinkan Theatre, Ginza (Mon-Thur) (571 1003).

Carmen (Bizet) interpreted in traditional Japanese dance by the Japanese Classical Dance Association, choreography by Yoshijiro Hanayagi. National Theatre (Wed, Thur) (583 6455).

Saleroom/Antony Thorncroft

Sitting on a fortune

It was furniture in all directions over the weekend, with major sales in Monaco and New York which established record prices for a single chair and for a set of 20th century furniture.

The chair sold for £366,025 at Sotheby's in Monaco. It had been made probably in -1749, and probably by Nicolas Foliot. What is certain is that it was destined for Marie Louise de Parma, the eldest daughter of Louis XV of France, who had been married at the age of twelve to the son of the King of Spain and who was then given the principality of Parma. The chair is identical to two more, one in the Metropolitan in New York, one in the Hermitage, Lenningrad.

Top price in Monaco was the £499,125 paid for a very elaborately decorated desk of Louis XIV period (around 1685). It is comparable to one at Windsor Castle and was, in fact, in the UK for many years at Ruthin Castle in Wales. In stark contrast is a very simple and beautiful portrait bust of a young girl identified as Anne Audeoud which sold for £371,571. It was worked in marble by Jean-Antoine Houdon in 1781.

Four Louis XV chairs bearing the stamp of Guillaume Avisse sold for £149,737, double the estimate, and a bureau plat of *Louis XVI period*, stamped Etienne Levasseur, was on target at £99,825. Going back in time a late 15th century Virgin and Child, produced around Tournai, fetched the exceptional price of £17,921.

The growth of interest in English 18th century furniture was well demonstrated at Christie's in New York over the weekend when a George II parcel gilt mahogany and olive wood bureau bookcase made around 1735, "in the manner of William Kent," sold for $154,000 (£95,652) to the London dealer Partridge. The bookcase, 191 cm high and 103 cm wide, had been sold at Christie's in New York in 1981 for $60,000—less than £30,000 at the current rate of exchange.

However, this seems a puny sum in comparison with the $594,000 (£368,944) paid a day later at Christie's for a dining room table and eight chairs designed around 1903 by the architect Frank Lloyd Wright. It was an auction record for an item of 20th century furniture. The buyer, paying over twice the estimate, was Thomas Monaghan, the owner of Domino's Pizza chain. His offices are in Frank Lloyd Wright Avenue, Annabor, Michigan, and he likes to furnish them with thet creations of the master.

"No Sex Please" to end

After 16 years in the West End, *No Sex Please, We're British*, is to have its final performance at the Duchess Theatre on September 5.

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South Korea in turmoil

IT IS not difficult to write a pragmatic prescription for South Korea's present political problems. Key ingredients are that the Government must give way and permit direct elections for the next Presidency, rather than persevere with its plan to handpick a successor to Mr Chun Doo Hwan through the *mechanism of a rigged* electoral college. Second, the opposition must come up with an alternative leadership to Mr Kim Dae Jung and Mr Kim Young Sam, for the very simple reason that the South Korean military can tolerate neither, especially the former, and would probably move to prevent either benefitting from the advent of popular democracy. The problem, inevitably, is getting there.

Politically, South Korea has, since the war which divided it in two, been a special case. Comparisons do exist with other industrialising Asian nations, where the pursuit of wealth has far surpassed the evolution of democracy, or with countries such as Indonesia, where the influence of the military has long been paramount. But, until very recently, the presence of a clear threat from a hostile North Korea had seemed justification enough for the acceptance of a regime with an underdeveloped interest in civil liberties. Trade unions did not exist, because of the Northern menace, nor did a free press, nor much *resembling working* democratic institutions. When protesters raised their heads above the parapets, as happened in 1980 in the southern city of Kwangju, the army moved with a savage efficiency to restore order.

Olympic prize

Even this institutional impoverishment did not seem to matter so much so long as the economy prospered, which it did fabulously. Very much in the model of post-war Japan, the proceeds of the new prosperity were evenly spread around, both in money and in the growth of opportunity. The Reagan Administration seemed solid in its support of the regime in Seoul, logically because South Korea is strategically vital. It was in a period of high confidence that South Korea bid for, and won, the right to show its achievements off to the world as host to the 1988 Olympics.

It is now apparent that the Olympic prize was, for the regime, a poisoned chalice, in that it focused the attention of the world, and of Koreans themselves, on the dark side of the economic miracle. President Chun and the senior military officers around him were about the last to understand this. Having made conciliatory gestures, even towards the two Kims, he summarily broke off negotiations on constitutional reform in April because of the threat he saw it posed to a successful Olympics. He could not have made a worse mistake.

Now the President is in a bind, as is his designated successor, Mr Roh Tae Woo, like Mr Chun another former general and, therefore, not much beloved by his countrymen. Little optimism can surround this week's promised talks between the president and Mr Kim Young Sam, because neither now seems to have much of a mandate. A discomfited and powerful military lurks behind Mr Chun while the street demonstrations of the last few weeks, with the new middle class joining the students, were strangely inchoate. Neither of the two Kims, whose nominal authority rested principally on the treatment visited on them by the regime, has harnessed the tide of discontent.

US influence

Tough though the role may be, it is probably up to the US to mediate, as Mr Gaston Sigur of the State Department is doing in Seoul this week. The US influence on South Korea is probably less than it was and there has been a disturbing *undercurrent of anti-Americanism* among the protesters. But it can exercise restraint on the South Korean military and it does have lines of communication out to the other side.

But the best hope surely lies with the South Korean people themselves. Theirs has not been a nihilistic protest. There is no evidence they want to throw away all the advantages they have earned by the sweat of their labour. They are proud of their achievements and want them recognised by the creation of the institutions of a modern state. As the Philippines showed last year, this is not an unreasonable, or unattainable, demand.

Over-exposure to floating hazards

DISILLUSION with the operation of floating currency markets is reaching epidemic proportions this summer, and with some reason. The most compelling emerged again in the otherwise bullish survey of British industrial opinion by the Confederation of British Industry yesterday: uncertainty over the competitive position inhibits investment decisions.

This is indeed a problem throughout the industrialised world, and helps explain why the response of trade and investment flows to the massive realignment of exchange rates of the past two years has been so slow and hesitant. Violent changes in the economic environment tend in any case to be deflationary in their first impact, as is now generally recognised; but if they are regarded as purely provisional, the delayed benefits expected when gainers from change respond may never appear.

That appears to be the present state of play in the real economy; but until now the financial intermediaries have been large gainers from uncertainty, enjoying a booming market in what are essentially financial insurance products. Now, however, they too are beginning to feel over-exposed. The bankers gathered in conference in Hamburg this week are almost as insistent in their calls for stability as their industrial clients.

The dangers for the financial markets are most evident at the moment in Tokyo, where the securities markets respond to exchange rate trends in a fashion which economists must regard as almost wilfully perverse. Stocks rise strongly when the *yen is strong*, despite the implied threat to Japanese profit margins, but have fallen sharply in response to some revival in the strength of the US dollar.

Market intervention

It seems clear that after their heavy losses on dollar securities in the past two years, Japanese investment preferences are dominated by currency expectations. This can only further destabilise both the currency markets and the securities markets. The Japanese seem to fear grave damage to their own economy if the yen rises further, and a messy retreat in the stock market if it does not.

It is not too surprising then that it was a Japanese official participant, Mr Toyoo Gyohten, a vice-minister of finance, who offered the strongest stabilisation proposal at the Hamburg conference. Flying what is likely to be regarded as a highly coloured Japanese kite, he suggested that the main central banks should create a pool of some hundreds of billions of dollars to be deployed in currency market intervention.

This intervention, Mr Gyohten suggested, should not be stabilised, but should be allowed to inflate the money supply of countries whose currencies are in heavy demand from investors, and deflate the domestic supply of weak currencies.

This would create an automatic version of the world approach to money supply control which has long been urged by Professor Ronald McKinnon. While this would provide a far more effective ballast for floating markets than anything available at present, stabilisation is not simply a technical problem, as all those at the conference recognised.

Currency flows

At present, for example, central bankers are urging their governments to reduce market strains by carrying out their promises to co-ordinate their fiscal policies. If this is to be supported by systematic intervention, though, they would also have to revise their own ideas about monetary control.

This should not be as difficult as it would almost certainly prove if the Japanese proposal were seriously considered. Commercial currency flows have already made a nonsense of attempts to control broad money and credit, and the money controllers have little credibility left to lose.

However, the task of persuading central bankers to pool their monetary sovereignty would still not solve what may emerge as the irreducible problem: to agree on appropriate exchange-rate targets. The summer will certainly not be too long for the discussions which will be needed

Foundations laid, but plans still vague

By David Lascelles, Banking Correspondent

THE OLD Post Office building in St Martin's le Grand in the City of London has become an object of some fascination for the UK financial services industry. Only the grimy facade of this large Edwardian pile remains today, held up by massive steel props. The entire innards have been ripped out for redevelopment by Nomura Securities, the giant Japanese stockbroking and financial services firm.

By 1990 the old shell will contain 300,000 sq ft of brand new office space to house the institution which embodies in most people's minds the remorseless advance of Japan into the City. True to the image, the contractor for the redevelopment is also from Japan: Kumagai Gumi.

With a large DANGER sign adding to the effect, the project certainly looks threatening to a City increasingly uneasy about Japanese competition, and it has helped conjure visions of Nomura overrunning the Stock Exchange and of British households rushing to buy Japanese financial services like they do Japanese cars and hi-fis.

However, so far, the impact of Japanese competition on the City has been limited to a few specialist areas where foreign institutions can gain quick access, such as foreign currency lending, Eurobonds and local authority funding (a low-risk, low expertise market). Elsewhere, their presence is small or non-existent. If the overall balance of the Japanese impact is drawn up today, it might even be said to be highly beneficial to the City, taking into account the huge sums of money which they have funnelled into the UK's booming stock and bond markets, and the considerable numbers of people they employ there, over 5,000.

The Japanese are, however, on the threshold of another stage of expansion. But this one will be tougher because it will *confront them with major managerial* problems, and oblige them to develop beyond their principal role as recyclers of Japan's large capital surpluses, which is also their greatest source of strength.

Some of the problems are those which face all foreign institutions in a new and highly competitive market. But some are peculiar to houses operating with an alien culture. To what extent, for example, will the Japanese be able to build up a UK and European clientele to generate local business and *confront their City rivals* head on? All the indications are that they have made little headway on this front so far. How relevant are the oft-drawn parallels between Japan's global industrial expansion and its ambitions in the financial services business? Can those well-drilled assembly line techniques be applied to the highly entrepreneurial world of high finance? Probably with less success, so different types of expertise have to be acquired.

Can the Japanese attract quality staff without having to pay expensive premiums? And can they blend them into their corporate culture? And despite the improvement in the political atmosphere, the threat of retaliaiton against Japanese houses in London has not disappeared.

For while the City has given a cautious welcome to the recent improvements in financial relations between the UK and Japan, Tokyo's pledge to allow UK institutions to engage in activities like securities broking and investment management has an unsettling corollary: it smooths the path for Japanese institutions to establish themselves in the UK. Although the City still considers the victory in Tokyo to be far from won (several more houses want licences there), every Japanese concession reduces Britain's justification for obstructing them at the London end.

This is likely to make the Japanese banks and securities houses bolder in their advance on the UK market, more able to recruit good local staff and clients, and perhaps more ready

'It is very difficult because we are not yet equipped with a strong organisation and personnel team'

to make acquisitions to speed their growth.

The City now plays host to 43 banks and 29 securities houses from Japan, according to the 1986 annual count by The Banker magazine. This puts the Japanese financial community second only to the American. In addition there are several dozen Japanese insurance companies and financial services firms. In typical Japanese fashion, their advance has been slow but sure. Unlike the Americans, they have not vaulted into the markets by buying stockbroking firms for the Big Bang, preferring, as Nomura puts it, "to grow our own seeds."

Banks are principally active servicing the Japanese corporate community in the UK or financing bilateral trade. While this market is considerable, the banks admit they have made less progress in breaking into the UK corporate loan market, despite accusations from British banks about predatory pricing techniques.

Mitsui Bank, for example, *set up a corporate loan department* in London two years ago to woo UK company business, and devolved a large measure of credit responsibility from Tokyo to the UK. But Mr Shigeru Takano, the general manager in London, says: "Frankly speaking, it is very difficult because we are not yet equipped with a strong organisation and personnel team."

Instead, the Japanese have found they can achieve more by participating in large financing packages assembled by UK clearing and merchant banks. This enables them to ride in on the back of well-established local names and obtain high profile business. The Eurotunnel, the Broadgate City office development are the sorts of projects where the Japanese have appeared. Sanwa Bank, which has been in London more than 30 years, is one of the co-ordinating banks for Eurotunnel, with a commitment of £160m.

Similarly, by far the biggest source of capital markets business for the brokerage houses and the banks is the investment of Japanese funds in the Euromarkets and — lately — the UK domestic markets. Mr Minoru Mori, managing director of the London branch of Daiwa Securities, Japan's second largest broking house, says: "Buying for Japanese clients is the main source of our income. We *do not* see ourselves competing with UK firms in domestic products." (Daiwa is also refurbishing a large new City office with the help of Kumagai Gumi.

For this reason, the Japanese houses are probably competing more intensely with each other than with British institutions at this point.

The Japanese also have little interest—at least for the time being—in entering the UK retail financial market, either for investment or banking services. The only exception so far was the decision last year by Sumitomo Bank, usually the first Japanese bank to try anything new, to offer home mortgages. After a slow start, Sumitomo says lending levels are moving up to target, though it will not give any figures. Other banks are watching closely and putting out some feelers of their own. *However Mr Toru Kusukawa*, deputy president of Fuji Bank, Japan's third largest, says he has no plans to enter the UK retail market.

Personnel management is perhaps the biggest challenge. All the large houses now employ many more Europeans than Japanese in their London branches in ratios of five to one or more, and tensions are said to exist between the highly corporate-minded Japanese staff and the individualistic modern-day City types. The high (by Japanese standards) salaries they have to pay to get them frequently make matters worse.

Quite how disruptive these tensions are is hard to gauge because the Japanese tend to gloss them over, though Europeans complain of frustratingly *slow decision-making* and an excessive regard for convention. Mr John Porter, a director of the Centre for Personal Construct Psychology which studies staff attitudes in companies, has examined Japanese culture, and believes that the gulf will be very hard to bridge. "The Japanese derive their satisfaction from serving the company whereas in western culture, satisfaction is much more personal," he says. However he predicts that in the end, it will be the British who will compromise to the far stronger corporate culture of the Japanese.

They are recruiting more graduates fresh from university whom they can mould to their way of thinking

But the Japanese are getting to grips with these problems. Increasingly they recruit *graduates fresh from university* whom they can mould to their way of thinking. With the stigma of working for a Japanese house now waning, this has ceased to be difficult. When Sanwa Bank recently trawled through Oxford University, it had 30 applicants for two places, according to Mr Kenji Tanimoto, the general manager of commercial banking. Last year Sanwa sent two fresh recruits off to Tokyo for a two-year training course in what was believed to be the first "total immersion" of its kind.

At Mitsui Bank, where 80 of the 100 staff are British, Mr Takano says: "We teach them our management philosophy and way of doing business" — which means getting staff to place the efficient operation of the bank above all else. But the political row between London and Tokyo has not helped. Some British have been reluctant to join Japanese houses at a time when any one of them could be shut down by the UK authorities——unlikely though that seems. When Daiwa Securities was recently setting up a new banking subsidiary, two senior dealers it hoped to recruit cried off at the last minute because they feared their jobs would be short-lived.

Does all this mean that the Japanese do not represent as potent a threat to the City as is often claimed? Probably, for the time being. Mr Colin Monk, a banker who recently left Hill Samuel to become chief executive of Daiwa's new bank, says: "There is an inevitability that the world of financial services *will go to a group of some 30* large houses, and Daiwa wants to be among them. But the British should have more concern about the inroads which the Americans are making in the City."

Another concern for the *Japanese*, *particularly* the banks, is profitability. Their traditional practice of buying market share abroad with little regard for the cost is under pressure now that moves are afoot to standardise bank regulation internationally. Although Japan is being slow to join the banking accord struck earlier this year between the Bank of England the Federal Reserve which will oblige UK and US banks to bear the same capital costs, Japanese banks are now being required by their own authorities to capitalise their international operations more strongly. For Japan's securities houses and many of its banks, London is the greatest source of overseas profit, exceeding New York where their arrival is more recent.

But none of these concerns is likely greatly to retard let alone halt the growth of the Japanese community in the City. Within the next two months, Nomura will start making markets in UK equities, which will transform it from the status of a client of the City's services to one of its operators. Towards the end of the year, it will probably apply to join the Bank of England's list of primary dealers in the gilt-edged market. And where Nomura leads, the other Japanese houses quickly follow.

The banks, too, are constantly probing new areas and making new contacts. Several of them are opening up offices around the UK. Fuji Bank has just launched a custody service for investors in Japanese stocks and there is a growing UK-Japanese merger and acquisition business.

The ambitions of the Japanese in the City are not always clear. Their growth seems to be dictated less by some master plan than by what opportunities happen to present themselves or can be seized within the political, regulatory and cultural constraints under which they operate. But London is a vital part of their overseas strategy to become global institutions, and so far they can be said to have got only their first foothold.

Men and Matters

Rubins quits Dorland

The Saatchi brothers, fresh from the brouhaha of the last week of Mrs Thatcher's election campaign, ran into more trouble yesterday when Jack Rubins quit as chairman of the Dorland advertising agency.

Dorland was the victim of *John Bentley's* property asset stripping operations in the early 1970s, when Rubins was left to pick up the pieces. Rubins did just that, eventually attracting Saatchi's attention. The brothers acquired the company in 1981.

Rubins, now 55, had been with Dorlands since the late 1940s and operated in a low-key style far removed from the flamboyancy generally associated with the advertising world. His approach is to motivate key staff and let them get on with the creative work.

Saatchi's policy was to leave Rubins alone, too—he often joked about Maurice and Charles Saatchi rarely entering Dorland's West London offices.

But earlier this year the relationship began to sour when Rubins fell into a wrangle with Dixons, one of its major clients, over a move to undertake the advertising for Woolworth as well.

The Saatchi management intervened to keep Dixons within the empire, leaving Rubins feelings snubbed. Yesterday's long awaited Saatchi move to restructure its world-wide operations effectively clipped Rubins's wings and he decided to go.

End of the line

The Clan Line clan will not come along for the journey when British & Commonwealth Holdings leaves Cayzer House in St Mary Axe later this year. With the Cayzer family's Caledonia Investments planning to sell most of its 31.3 per cent stake in B & C, it will lose its last executive representation on the financial services and industrial group's board.

The B & C boardroom portraits of founding fathers and uncles and nephews, and the illuminated Cayzer family tree, will find a new home with Caledonia. "The family pictures will probably stay closer to the family," says Peter Buckley, nephew of Lord Cayzer, who was to step down anyway this week after 30 years as chairman.

"We will probably take a few things with us because it's nice to reflect on the company's history," says John Gunn, who takes over as chairman tomorrow. Otherwise, the Cayzer portraits might fit into B & C's modern City premises in King Street less well than the panelled rooms of Cayzer House, which B & C plans to redevelop, probably with the loss of its name.

Buckley will remain as a non-executive director, one of the last family links with the company which grew out of the shipping line launched by Charles Cayzer in 1878. And B & C's top Gunn has agreed that Lord Cayzer, the founder's grandson, will still become life president, an honorary role which had been planned before the disposal.

"Psst—want to swap your umbrella for two centre court tickets, love?"

Late advice

Is this a record? Salomon Brothers' "sterling bond markets weekly review," dated April 10 and postmarked New York on April 14, reached my desk yesterday.

The US postal system is notoriously slow but at this rate Richard Branson could offer a more reliable balloon crossing of the Atlantic.

Salomon's review tells me, by the way, that there is no guarantee of a June general election. What was that the economist said about perfect markets and information?

Title deeds

Professor C. Northcote Parkinson, of Parkinson's Law fame, is selling his Guernsey feudal title of Seigneur of Fief Anneville. It is to be auctioned at Lord's cricket ground, along with 45 mainland "lordships," on July 7 and is expected to fetch about £25,000.

Parkinson, 77, moved to the Isle of Man last year after living in Guernsey since 1960. When he settled in Guernsey, he bought *four feudal fiefs*, partly out of historical interest but also as an investment. At that time, the island's feudal seigneurs were able to levy a 2 per cent feudal due, known as congé, on any property sale taking place in their domain.

Guernsey's parliament decided in 1980 that these feudal dues should all become payable to the Crown (in practice, to the island government) but agreed that until the end of 1985, the seigneurs should receive a tax-free sum equivalent to 50 per cent of the income from congé.

Parkinson told me at the time that the change would cost him a good proportion of his income, though he refused to say how much.

I do not know what other privileges his fiefs of Mauxmarquis, *Bruniaux* and *Beauvoir* have brought him. But it seems doubtful if he has got much profit out of such remaining rights of Fief Anneville as shooting rabbits with a bow and arrows.

New image

Nuclear magnetic resonance scanning is not the catchiest phrase, I agree. But as a new way of letting doctors peer inside our bodies it has come into common parlance

Now there seems to be a concerted effort to change it—to "magnetic resonance imaging." That hardly slips more smoothly off the tongue. But it avoids the word "nuclear."

The British Technology Group, the Government agency *which claims* to hold the basic patents and hopes for a substantial income from them, favours the change. So does GEC, one of the makers, through its Picker division.

GEC, you may remember, used to be accused of being too gung-ho about matters nuclear. So why the change? A GEC executive, speaking from a base in Labour's left-controlled Brent, says: "Because London is a nuclear-free zone."

Dear husband

Marriage does have its drawbacks as Lorna Fleming, a Toronto office manager, discovered after she wed transport driver, Don Fleming.

The insurance for her 1980 GMC pick-up was at once raised to C$2,300 because his three tickets for speeding and a seat-*belt violation* were counted against her driving record.

Mrs Fleming went so far as to contact a church minister about an annulment of the marriage but after further negotiations with her insurance company her annual premium has been reduced to C$1,100

Observer

Letters to the Editor

Industrial consumers and British Gas

From the Director General, Chemical Industries Association

Sir,—The report (June 18) by your resources editor Mr Max Wilkinson on the British Gas results for the year ending March 31 give an apparently very favourable picture for shareholders and consumers. Profits on a current cost accounting basis increased by 46 per cent and a price reduction was announced for domestic and other small consumers. The only reference to industrial consumers was that "British Gas was forced to reduce its prices sharply in the industrial market." This could be taken to indicate universal happiness.

The realities for industrial gas consumers, who account for 30 per cent of British Gas' total sales volume, show a very different picture. Over the past year industrial customers with contracts for "firm" supplies have been paying prices in the range 27p to 36p per therm, with an average of not less than 30p. This is 50 per cent higher than the average price of 20p per therm being paid by similar "firm" gas customers in the other leading EC countries, whose gas suppliers have reduced prices in line with the falls in oil prices. Thus the reality is that the contribution of manufacturing companies to British Gas profits includes nearly £200m due solely to an unjustified 50 per cent "firm" gas price disadvantage versus EC competitors.

This situation is causing serious financial damage to these customers and is eroding their home and overseas competitive position. In the case of the British chemical industry many such companies export 50 per cent or more of their production. This poses a renewed threat to such exports, production and employment as did similar British Gas pricing policies at various times in pre-privatisation days.

In general, profit improvement by companies in a competitive marketplace is a good measure of vigour and efficiency, and is to be commended. The judgment however is more complicated in an oligopoly situation whether the enterprise concerned is state owned or privatised. Here the supplier has to weigh its own commercial advantage which arises from working in a non-competitive market against the interests of its customers who have to sell in a highly competitive world. If it does not restrain its appetitie for capitalising on its near monopoly situation voluntarily, then perhaps a higher degree of regulation becomes necessary.

Despite numerous protests by customers, British Gas is so far refusing to change its attitude in the matter of "firm" gas prices. In consequence industrial consumers are now stepping up their efforts to obtain remedial actions via the channels and options open to them to try to redress the lack of competition in industrial gas supplies in Britain.

Martin E. Trowbridge,
Kings Buildings,
Smith Square SW1.

From Lord Ezra

Sir,—British Gas is to be congratulated on the substantial increase in its profits, part of which it proposes to pass on to domestic consumers.

The position, however, of some industrial consumers of gas is not so satisfactory. Mr Fox, managing director of Tunnel Refineries, referred to this in his letter of June 17. He drew attention to the substantially higher prices likely to be charged for gas used in combined heat and power (CHP) projects than for steam generation. The company with which I am involved has a number of such projects in mind and, where gas is the most appropriate prime energy source, we have come across a similar difficulty.

I find this situation all the more surprising as the Government has repeatedly given encouragement to the construction of CHP plants. Why is it that the gas industry is apparently taking a different view?

Derek Ezra,
Associated Heat Services,
2 Salisbury Road, SW19.

Life is a cabaret, old son

From Mr R. Sparkes

Dear Sir, — Messrs Jay and Stewart foresee the collapse of European democracy, and its replacement by an authoritarian state in "Apocalypse 2000." (June 18). Surely, the precondition for such a revolution is a large disaffected class who have nothing to lose and possibly much to gain by this. In Europe the prime candidate is surely Britain, with its large pool of ill-educated permanent unemployed who are consistently fed simplistic jingoism by the popular press. That this possibility exists must be the most damning consequence of "the Thatcher years."

Imagine the scene. In the capital the shops are full, the Stock Exchange is booming, the whole place hums with activity and conspicuous consumption. Yet high unemployment in the provinces means an increasing number of people arrive looking for work noticeable with their broad accents and poor clothes. Failing to find any, they are an obvious prey to a political agitator. London 1999? Maybe.. Actually, its Berlin 1929. As the philosopher Santayana said, those who forget the lessons of history may be forced to relive them.

R. K. Sparkes,
43 Lyric Road, SW13

Communication with staff

From the Chief Executive, British Association of Industrial Editors

Sir,—A recent survey of members of BAIE lends weight to Philip Bassett's report (June 5) "Companies' communications with staff worsens."

According to the survey, although 71 per cent of senior managers thought that communication by their companies was essential or valuable, 50 per cent of companies do not communicate externally as well as they should.

Worse still, the survey shows that 57 per cent of companies do not communicate internally as well as they should, thus confirming the view that British companies are paying only lip service to communication with their employees.

The tendency not to tell employees things that might interest them could be reversed by using house journals to best advantage, according to 46 per cent of respondents.

The survey drew a response from 565 members (60 per cent) of the BAIE, of whom 19 per cent are directors, 26 per cent managers and 40 per cent editors. They are employed throughout industry, commerce, government and the professions.

Cecil Pedersen.
3 Locks Yard,
High Street,
Sevenoaks, Kent.

Coping with toxic waste

From Mr D. Davies

Sir,—We should like to comment on Ralph Atkins' article on "Toxic waste . . .," (June 16). "The reluctance of councils to give planning consent" referred to, is understandable since it is well-known that the waste disposal industry has been plagued by 'cowboy' operators ever since waste disposal became a problem—which is a long time.

We do not disagree with the Royal Commission's suggestion that wider use should be made of the country's 60 in-house incinerators. The snag is that most of these have been designed to destroy only the chemical wastes being generated on that particular site. Also it is not likely that many operators of in-house incinerators would welcome the added responsibility albeit lucrative of accepting wastes whose composition they would be able to control only to a limited extent. The control exercised by responsible operators is elaborate and costly.

The proposal made by the Chemical Industries Association of government intervention is much more attractive and should be easily workable since the technology is now available and any measures decided upon could be quickly implemented and should be welcomed both by local authorities and by the public.

D. J. I. Davies,
Hirt Combustion Engineers.
Dane Works,
Water Street,
Northwich, Cheshire.

Debts, banks and taxpayers

From Mr M. Ogdon

Sir, It was with nostalgia that I listened to Lord Lever pleading on behalf of the British clearing banks for the taxpayer to aid them re their bad debt provision.

This taxpayer wishes to remind the clearing banks that first and subsequent ports of call are their shareholders, for rights issues and if necessary, suspension of dividends. Not a bail-out by the taxpayer. Perhaps then, those paid to take responsibility will face up to that expectation, at the request of the shareholders.

But what about British banks' loans to our farmers? How many of those managers once willing enough to make farming loans, have behaved responsibly to their shareholders—and to those farmers granted loans? How many managers called in those farmers and gave strong advice which would not have been welcomed—but would have enabled them to sell up at the best price?

And when should this advice have been given?

M. C. Ogdon.
95 Whitehart,
Reabrook, Shrewsbury.

Relative value of a vote

From Mr I. Selwyn.

Sir,—In reading the election results one cannot fail to be struck by the huge disparity between the sizes of the electorate in the various constituencies. Even within England it is not easy to understand why, for example, 51,000 may elect an MP in Plymouth whilst 97,000 are required in Milton Keynes.

Even more acute are the disparities arising from the over representation of Scotland and Wales. If, as I understand, this originally arose from difficulties of communication then, surely, with modern aids, it must now be unnecessary. The Western Isles were among the first constituencies to declare.

I. N. Geoffrey Selwyn,
32 St Mary's Avenue,
Northwood,
Middlesex.

Short-termism and long-termism

From Dr D. Miller

Sir,—Lex pointed out (June 18) that "short-termism" is hitting the Oxford Instruments' share price, just as its medium-term prospects improve through an order from IBM for a wholly new product. There is a further moral to be drawn. Such a promising high-technology outfit owes its very existence to the unfashionable "long-termism" of the high energy physicists. Oxford Instruments is where it is, and has its know-how about superconducting magnets and synchrotrons because the nearby Rutherford Laboratory was a world leader in research in these subjects throughout the 1960s and early 1970s.

I hope this adds "some human interest," as Lex puts it, to the case for continued consistent funding for pure-science projects which push back technological frontiers.

(Dr) David Miller
(Reader in physics, University College, London).
31 Bromfelde Road, SW4.

Covenants to charities

From Emma MacLennan

Sir,—How nice of Mr D. Saunders (June 15) to suggest that rich people possessing a conscience should covenant their windfall from tax cuts to "voluntary or charitable organisations—who may also re-claim the tax". This could certainly help to relieve the guilt.

Never mind that the 2p cut in the basic rate of tax will cost charities up to £2m a year in money that they could have claimed back on such covenants.

Emma MacLennan,
40 Pendle Road, SW16.

Rates: people are mobile but property is fixed

From M. H. Law.

Sir,—Once again the domestic rating system comes under attack on account of the hypothetical widows paying the same rates as families with "four or five" wage earners living in the same street. (Thomas Whittle, June 13).

If, as Mr Whittle suggests, there are very many widows in this situation, there must be a large stock of four-bedroom houses with just one occupant. People who live in houses which are far larger than they really need are doing so out of choice. It isn't only rates which are higher in a large house; other expenses are also greater—heating, cleaning and maintenance, for example. Rates are no different from other household expense.s If wage-earning spouses, children, lodgers and tenants choose to share a house, their contribution to the household expense includes a share of the rates, just as it includes the cost of other services; the cost per head will be less if shared. In any case, everyone contributes to the cost of local government services through the rate support grant, which is financed out of national taxation.

Most of the infrastructure services provided by local authorities cost much the same to provide, irrespective of the number of people living in the house; councils have to pay for the public and fire services, and to sweep, light and maintain roads, regardless of the number of occupants. So far as personal local authority services are concerned, these tend to be "consumed" largely by children and pensioners. If payments were to be related to use of services, any charge ought logically to be related to the number of schoolchildren or old people in a household—an idea which is obviously absurd.

It is not true to suggest that local authority services are there to be enjoyed equally by all. Their availability varies from one area to another. Since property values, and hence rateable values, are a fair measure of the quality of the infrastructure available at that location, rates are closely related to the public services on offer. And the cost of providing infrastructure services varies in different areas; the implicit cost of amenities such as schools and parks is greater in areas where land values are high.

Mr Whittle's version of the community charge appears to be a tax on going to work. This, would aggravate the problem with the present tax and benefit system—that many people are worse off if they get a job. The predictable outcome would be more unemployment and a boost to the "black" economy. And there can be no direct link between taxation and representation. If there were, it could be argued that there should be special votes for car drivers, cigarette smokers or whisky drinkers, all of whom pay large sums of money to the government. Indeed, on Mr Whittle's principle of representation with taxation, it would follow that pensioners and the unemployed should not be allowed to vote.

If local government is to remain in any shape or form, it must have its own source of finance. Local taxes can fall on individuals or on property. People are mobile, but property is fixed, and so a local tax on individuals would be difficult and expensive to collect, and evasion would be widespread, as we shall soon discover in Scotland. This is why the only tax which can ever be truly local is one based on property values. What we should really be concerned about is the injustice of the present method of assessment, which penalises improvements and rewards those who keep land and buildings out of use.

Henry Law,
19 Queen's Gardens,
Brighton, Sussex.

From Mr E. Terrett

Sir,—I see in your paper (June 18) that the Oxford University economists are criticising the idea of abolishing rates. Well they know more about economics than I do but I live in Kensal Rise (part of the London Borough of Brent) and my rates this year are £1,280. You have read what the schools are like here but a lot of the other services are useless as well — the two nearest stations to where I live are almost unusable at night because of the utter inadequacy of the street lighting. If I could afford £1,280 a year rates, or if I could write a decent letter, or put articles into University Economic Reviews, I wouldn't be living in Kensal Rise; but when the "administrative advantages" of rates are talked about this is just a smart way of saying that the inarticulate are the ones who pay it (you check by asking around your own office—the parts of the south east where the better-off live have very low rates). There is very rarely any political back-lash to rate rises. Local Government in places like Brent is never going to be cleaned up until rates are replaced by something fairer.

Eddie Terrett.
3, Chelmsford Square NW10.

From Mr A. Harper

Sir,—With reference to Richard Evans' article "Rates reform to dominate first parliament session" (June 19)—so it should! We can only hope that somehow the voice of reason will help the Government to extricate itself from the mess into which it has fallen over this proposed poll tax.

Nobody likes to change their mind in public, but the Cabinet does seriously need to consider the wisdom of a system which, among other anomalies, purports to want to collect direct local taxes from people without earnings — specifically, non-earning housewives.

Arnold J. Harper.
31 Russell Road, SW19.

Foreign Affairs

EDWARD MORTIMER

Why Europe is in need of the Thatcher touch

EVEN IF foreign policy was not an issue in the election campaign, foreign affairs played their part. Who has forgotten the Prime Minister's "historic" visit to Moscow, or her claim to have "put Britain back on the map"?

The statement in the Conservative manifesto—that Britain is "playing a major part on the international stage. From the White House through Europe to the Kremlin our voice is heard"—was not less important because the opposition parties failed to contradict it, or anyway to make an issue of it. They did not do so because they knew that people either believed it or wanted to believe it. There were few votes to be gained by running down the country or belittling its influence in world affairs.

There is, anyway, after due allowance for electoral rhetoric, a grain of truth in it. Mrs Thatcher is not, perhaps, President Reagan's most trusted adviser (if she were she would have a lot to answer for) nor yet the indispensable broker between him and Mr Gorbachev; still less the leader of a united Europe. She is hardly a key figure in the Middle East peace process, if such a thing still exists, and her role in southern Africa has been rather negative, except for her recent and rather surprising emergence, alongside Mr Robert Mugabe, as Protector of Mozambique.

Yet she is undeniably a figure on the world stage, not universally loved but widely respected and even admired, including by some people whose ideological affinities are certainly not with the Conservative Party. One reason is the simple fact that she has been around a long time, longer than any other head of government now in office in a major democracy. That means a lot of people around the world have heard of her and know who she is. (Gender helps there, of course, since nearly all other world leaders are male.)

It also means she is good at staying in power, in a system where that is known not to be easy. It means she has long experience of taking the big decisions and of hobnobbing with other world leaders, which puts her at an advantage with her Foreign Secretary, who has held that office for only one parliament.

She is seen as a successful leader, and not only in winning elections. She is respected — there is no getting away from it — for her courage and determination in defending national interests. The Falklands War stamped her firmly with that brand image, her handling of the European Community has reinforced it. Beyond that, she is identified with a direction in economic policy — away from state control and intervention, towards private enterprise — which is the way things have moved throughout the world.

Not that her advice and example are primarily or even secondarily responsible for this: the causes lie much deeper. But she was early on board the ship and nailed her pennant firmly to its mast. For a time it was overshadowed by another, more imposing banner bearing the legend Reaganomics. But that is looking distinctly frayed, while Thatcherism is still fluttering bravely.

Britain's modest growth rate is beginning to attract some favourable attention abroad, if only by contrast to the creeping paralysis which has overtaken other, larger economies. It was almost quaint to read in Le Monde last week a dirge by its editor, Mr André Fontaine, about France's present economic and political troubles, supposedly symptomatic of a national decline: quaint because it was like so many editorials one has read in British newspapers in the past, and because the counter-example of where they order this matter better—held up by Mr Fontaine to his countrymen with only token qualifications—was none other than that of Mrs Thatcher's Britain.

Mrs Thatcher thus has some credentials for the international role, which a national leader who has thoroughly consolidated his/her power at home tends to seek. What she lacks, it seems, is a long-term strategic view of what needs to be done. It is ironic, given her well-known chronic exasperation with the Foreign Office, that some senior British diplomats have great admiration for her skill in the essentially diplomatic task of extracting maximum advantage for Britain from a given set of international circumstances, but have less confidence in her ability to imagine a better set of circumstances and do something to bring it about, which one might think the prerogative of the political leader.

Mrs Thatcher has credentials for an international role, but lacks a long-term strategic view of what needs to be done

The Foreign Secretary, interestingly enough, is given higher marks on this score and it is he who has just asked his staff to take a strategic look at the next four or five years. He clearly feels that the job suits him and one may guess that, if it is up to him, he will not be retiring gracefully to the Woolsack within the next 18 months.

Thus Mrs Thatcher tends to take her priorities from the excitements of the moment, and to look for areas where she can combine "batting for Britain" with a constructive international role. At present that means above all arms control and East-West relations: there is a lot going on there, Britain's security is manifestly affected by it and she feels she has established a close personal relationship with both President Reagan and Mr Gorbachev, giving her a unique insight into both the constructive possibilities and the dangers of their relations with each other.

Last year's Reykjavik summit —when it suddenly appeared the US was willing to sacrifice the security of Europe and the very principle of nuclear deterrence—was, according to one of her advisers, "the most shattering thing that ever happened to her." But she seems to view the problem mainly in personal terms and to believe that her meetings with Mr Reagan, at Camp David in November, and with Mr Gorbachev, in Moscow in March, have largely averted the danger.

Sir Geoffrey, by contrast, is more sensitive to the underlying trends which these events reveal and probably more aware that Britain's capacity to modify the course of US-Soviet relations over time is strictly limited. He is more likely to appreciate that neither Britain's security nor her prosperity can any longer be isolated from those of western Europe as a whole, and that for both the next five years may well prove decisive.

It is clear that the decline of American power, which has been going on since the 1950s, has not been reversed or even halted by the Reagan presidency. America's political need for an understanding on weapons with the Soviet Union is as great as its economic need for a modus vivendi on trade with Japan. Both may turn out to be most easily achieved at Europe's expense, unless Europe develops a greater capacity to act, as well as speak, in its own interest. Developing that capacity should be seen as Britain's most pressing national interest and, therefore, the task to which Mrs Thatcher's international prestige could most appropriately be harnessed.

FINANCIAL TIMES

Tuesday June 23 1987

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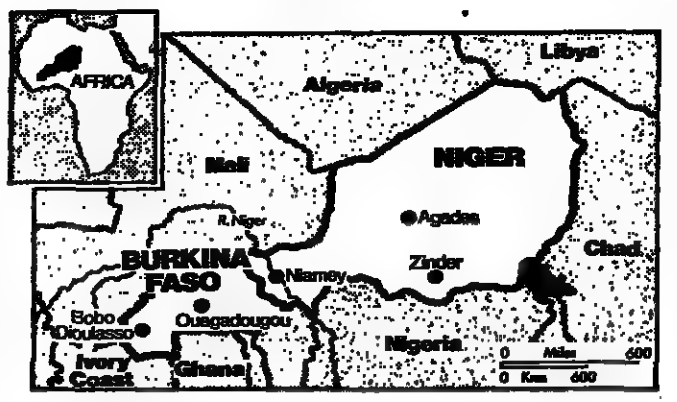
Mark Newham reports from a region disappearing under the sand

Fight to halt spreading Sahara



OURSI IS NOT a desert town – yet. But the tide of sand sweeping down from the Sahara threatens to engulf this remote northern outpost of Burkina Faso (formerly Upper Volta) unless urgent action is taken.

Already, vivid ochre-coloured dunes have swamped vast areas of fertile pasture which, until the early 1960s, supported extensive cattle herds and gave the farmers of Oursi twice as much grain each year as the town needed. Oursi was once a granary of the Sahel – the fragile strip of transition between the Sahara and the African savannah – but is now a net grain importer.

To compound the problem, the dunes have blocked the inlets to Oursi's lake. All that is left of what was once a permanent 8km reservoir where a fishing industry once thrived is a muddy strip where goats and donkeys paw the ground in a futile search for the water the town once took for granted.

This is the tragedy of the creeping desertification overtaking the Sahel at a rate estimated at between 18km and 40km a year.

Oursi's elders blame climatic change. Government officials think they know better. Research has shown that desertification in the Sahel is caused primarily by the booming population overgrazing and over-cultivating the land. Deforestation leads to soil erosion and as the soil is blown or washed away, the desert gradually takes hold.

Reforestation on a massive scale is needed, but it is no simple task. The governments and research organisations involved are far from understanding the nature and extent of the problem. There are no reliable figures on the rate of desertification of the Sahel and no data on how fast it is losing its natural vegetation.

Even the Permanent Interstate Committee on Drought Control in the Sahel, a grouping of the 10 countries from Cape Verde in the west to Chad in the east, has yet to piece the jigsaw together. According to Burkina Faso's drought control co-ordinator, Mr Andre Roch-Compaore, the organisation simply does not have the resources to set up monitoring stations to track the desert's spread.

"We have to rely on sporadic reports from the affected regions, but even these represent only part of the problem since the process of desertification also starts from within the Sahel. It is not just the Sahara's fringe expansion that we have to take into account."

The UN's Food and Agriculture Organisation has produced figures on the problem but even these are given only guideline status. In the case of Niger and Burkina Faso, the FAO estimates that each lost about 80,000 hectares of natural vegetation a year between 1980 and 1985 while, in 1985, Burkina Faso had 22,000 hectares of reforestation projects under way and Niger had 14,000 hectares.

In Niger, most of the replanting is being carried out within 100km of the capital, Niamey, but as fuel-wood plantations to feed Niamey's insatiable and growing demand for firewood and not, as one might expect, as a green barrier against the Sahara's southward spread.

Furthermore, the species being planted, the fast-growing eucalyptus in the majority of cases, is widely regarded by forestry experts as largely detrimental to the fragile soils of the region. The species returns little of the nutrients it uses in its growth and, after a few seasons of harvesting, the soil can be left more barren than it was before.

In neighbouring Burkina Faso, the country's environmental advisers have at least recognised this problem, largely through the bitter experience of a failed 2,000ha eucalyptus experiment near Oursi.

In a newly-created reforestation project being funded by the UN Development Programme and by West Germany, 15 areas in three of the country's most threatened regions are to be the subjects of projects incorporating the planting of 400ha areas of naturally-occurring tree species.

Comprehensive programmes are designed to demarcate specific areas for cropping, grazing and urban development and to sensitise the population to the dangers of over-stepping the supportive capabilities of the land. Burkina Faso has introduced a state-run wood supply agency in an effort to outlaw the anarchic practises of the cowboy woodcutters.

It is not just indiscriminate tree felling that is worrying the authorities, however. Farmers are pushing further and further towards the extreme limits of the Sahel's potentially fertile land in an effort to feed themselves. One organisation now experimenting on a 500ha research farm in Niger believes it has the answer to the problem.

The International Crops Research Institute for the Semi-Arid Tropics says lack of soil fertility, especially the lack of phosphate in the soil, is a greater problem for agriculture in the Sahel than lack of moisture. Even in the driest regions, the crop yield could be doubled or trebled if farmers added phosphate fertilisers and farming efficiencies could be increased by 75 per cent with the use of simple mechanised equipment and animal traction.

The institute was partly responsible for the green revolution in India but "the Sahel should not expect a similar miracle" says the organisation's executive director, Mr Ron Gibbons. India simply had better resources than the Sahel, Indians applied the suggested techniques with great vigour and the country's scientific establishment went to great lengths to see that research data was widely distributed.

The inhabitants of Oursi, however, have two main concerns – where tomorrow's food will come from and whose house will be next to be engulfed by the desert sands.

Mr Caspar Weinberger

Toshiba sales cloud US trip to Tokyo

By Peter Bruce in Tokyo.

FRESH REPORTS of illegal sales of sophisticated Japanese machine tools to the Soviet Union threaten to turn a routine visit to Tokyo this week by Mr Caspar Weinberger, the US Defence Secretary, into a stormy one.

Mr Weinberger has made clear in interviews with Japanese newspapers that he is going to demand heavy compensation for the $30bn damage to Western security the US estimates has been caused by the machine tool sales.

The Soviet Union began buying the Toshiba tools in the early 1980s with a view to making quieter and more efficient submarine and surface ship propellors. Last week, the US Defence Department reported that the propeller noise from a Soviet nuclear-powered submarine newly arrived in the Atlantic was difficult for Nato's seabed listening devices to detect.

The Pentagon concluded that the propellors were produced on milling machines supplied by Toshiba Machine, Toshiba's machine tool subsidiary.

US fury over the sales to the Soviet Union by a subsidiary of Toshiba, one of Japan's biggest defence contractors, grew last week when it was learned that the company had made two such deals, shipping a total of eight precision milling machines.

It would be difficult to exaggerate the potential damage to Nato's defence system. Nato has set up a patchwork of listening devices on the sea-bed between Greenland, Iceland and the UK. The devices are used in conjunction with equipment on Nato ships and submarines to pick up the distinctive sound of Soviet propellors. As a result of the Toshiba sales, Nato may have to revise its entire submarine detection system.

Mr Weinberger, who flies to Tokyo at the end of the week, will probably demand a great deal of money from Toshiba – or the Japanese Government – in compensation.

The Pentagon has already taken unilateral action against Toshiba, stopping a possible order for 90,000 Toshiba lap-top computers for the US Air Force, worth $100m and halting the transfer of missile guidance technology from Toshiba to the US Army.

Nervous Toshiba officials in Tokyo and in the US complain that the entire group is being attacked for something done by an independent subsidiary. Toshiba Machine was fined last month by the Government and has been banned from exporting anything to communist countries for a year. Its chairman resigned in disgrace and two former managers are in jail.

But the nightmare may have only just begun for Toshiba, which is keen to participate in the US Strategic Defence Initiative (SDI) research programme. The punishment imposed on the company was for the sale of four milling machines capable of nine-axis operation, plus the necessary computer software, between 1981 and 1983.

However, it emerged last week, that after that first deal, which police in Tokyo say was organised by KGB agents posing as Soviet trade officials, Toshiba Machine shipped a further four five-axis milling machines to the Soviet Union in April and May 1984.

The first, bigger machines cut propellers up to 11 metres wide and the smallers ones can make propellers up to 4.5 metres wide. The export of these machines to the Soviet Union is forbidden under the co-ordinating committee (Cocom) rules that govern the transfer of Western technology to communist countries.

The apparent scale of deceit Toshiba Machine used to get the milling machines to the Soviet Union has especially angered the Americans. In order to circumvent Cocom rules, the company is thought first to have imported relatively common two-axis numerical controls from Kongsberg Vaapenfabrikk, the Norwegian arms producer, and then to have reprogrammed them to handle nine axes simultaneously.

THE LEX COLUMN

Not so common wealth

If sterling's fall yesterday was not puzzling enough on its own, the Bank of England's miscalculation of the trade-weighted basket at 71.5 instead of 72.0 in the early afternoon had currency dealers really worried for a few minutes. Even when that problem was solved, explanations for the pound's weakness were hard to come by and the dollar strength story will no longer do. The simple answer is probably the best; holders have big profits to take and once sterling started to slip were even more anxious to grab them. Or perhaps it really was all engineered by the authorities to get the pound into the EMS at a more comfortable rate.

British & Commonwealth

The Cayzer family has been such a notable contributor to the coffers of the Conservative Party over the years, that perhaps the Government will not begrudge them the £150m they have kept from the Inland Revenue by selling out of British & Commonwealth tax free. The transfer of value from seller to buyer will be complete in 1991, nicely within the expected lifetime of the present administration. It was a very neat trick to sell the shares back to B&C, since the cash received counts as distribution, and so far from being subject to CGT, is franked investment income that can be passed straight though to shareholders in Caledonia Investments. No wonder the market value of Caledonia rose by about 13 per cent yesterday. To gain similar value from a one-off sale to a third party would have required a bid premium style price of about £8 a share, and it is by no means clear that B&C under the highly regarded Mr John Gunn is on any hit list, Antipodean or otherwise.

A cruel interpretation of the deal is that the Cayzers feel that they can manage their funds more impressively on their own than through the medium of the B&C management. More to the point, Mr Gunn had diluted the family stake far more quickly than they had imagined when they appointed him last October, and he makes no secret of his ambitions to issue still more paper, which might have been a case of dilution not to taste.

For similar reasons, the reduction of the family stake to below 5 per cent will be liberating for the B&C management. But the reason for the 11p rise to 462p in the B&C price is more that the deal will enhance its earnings per share by about 10 per cent over the period from 1988 to 1991, since the schedule of payments is tailor-made to rule out any ACT problems for B&C. One way or another, not a great day for the Inland Revenue.

TSB/Target

TSB's acquisition of Target may marginally depress earnings this year, but if you are protected from takeover for five years there is no point in squandering opportunities. The longer-term prospects look sound enough and the breadth of diversification should help cultivate the image (and rating) of a financial services group, rather than a mere bank with other bits. Judging by Target's "appraisal value," TSB is paying an exit multiple of about 15, which is not ruinous so long as the Target management does not melt away.

Target shareholders have more immediate cause to celebrate. They won a premium over the likely flotation price and they should now avoid the SIB-induced squeeze facing those life assurance groups without strong direct sales forces. There may not be much synergy, but there are many life companies which might be glad of similar friendly mergers.

BAA

Now that private investors have got the hang of lesson one in the share owning made simple course – how to make a risk-free profit on privatisations – the Government is starting on lesson two – tenders. This one is much harder to grasp and smaller buyers are being excused.

Tender offers for sale do not have a great track record and it is wise of the vendors' advisers to limit this attempt to a quarter or less of the issue. If it works, it can be extended later. But even this element of market price fixing adds a deal of risk to the process, particularly at a time when the equity market is looking a little wobbly. If institutions can buy big blocks of shares in the tender offer they will not need to mop up so much stock from the small stags in the aftermarket. And if tenderers fail to understand that they must pay the price they specify and not a lower striking price there could be some quick sellers. If small investors become convinced that early dealings in the shares will not provide huge profits, they could be less enthusiastic about applying for the fixed price issue.

In any case, the extra money raised by the tender is likely to be small in relation to the total issue. And as the fixed price may well be shaded a few pence to encourage the tenderers, the net effect will do little to counter criticisms of selling assets too cheaply.

Japanese investment

After a close study of Japanese investment flows, Credit Suisse First Boston has come to the unremarkable conclusion that Japanese demand for US dollar bonds will decline while demand for UK, German and Australian bonds, and various equities, will rise. But as most observers agree that Japanese investment preferences are now dominated by currency expectations, the interesting question is why the share of US bonds has fallen only from 75.9 per cent in 1983-85 to 74.24 per cent in 1986. The usual explanations for this – such as no tradition of marking to market and nowhere else of sufficient liquidity to go – have been wearing a bit thin for some time. And with the Japanese market itself now starting to slip (removing the cushion from US bond underperformance) the trends towards diversification could soon be established with a vengeance, in the London property market for example.

British growth rises but sterling slides

BY PHILIP STEPHENS, IN LONDON

THE PACE OF economic growth in Britain accelerated in the first three months of this year, with most sectors of industry performing well and a slowdown in consumer spending offset by a much improved trade performance.

The good news on the economy, however, was marred yesterday by a further slide in sterling's value. The pound, which has suffered from post-election jitters since June 11, was hit by a sharp rise in the dollar on foreign exchange markets.

That triggered additional losses for sterling against European currencies, especially the D-Mark. The sterling index, which measures the pound's value against the currencies of Britain's main trading partners, is now 2.2 per cent lower than on election day, June 11.

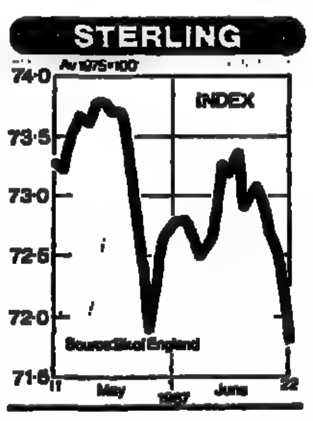
The turnaround in sentiment towards sterling again spilled over into the equity and into the government bond markets. Long-dated gilt-edged securities showed losses ranging up to 1½ points, while the FT ordinary share index fell by 21.3 points to 1,737.

Apart from the dollar's recovery, foreign exchange dealers believe that the pound's relative weakness reflects a combination of profit-taking after the election and a resurgence of concerns about inflation and the balance of payments.

Those concerns are in part at least a reaction to the recent strength of the economy, although there has been little tangible evidence of a significant deterioration in either inflation or trade prospects.

The preliminary growth figures released by the Central Statistical Office yesterday show that the average measure of Britain's gross domestic product rose by 1.3 per cent between the fourth quarter of last year and the first of 1987. That put it 3.3 per cent higher than in the first three months of 1986.

The figures reinforced expectations among City of London economists that growth this year may outpace the Treasury's projection of 3 per cent.



That would put Britain near the top of the international growth league. The Paris-based Organisation for Economic Co-operation and Development is forecasting that the average growth rate of its 24 member countries will be 2-¼ per cent this year.

Relative to the first quarter of 1986, the latest figures for Britain show growth spread fairly evenly across the main industrial sectors. Manufacturing output was more than 4 per cent higher than a year earlier, while there was comparable growth in service industries. There was also an upsurge in construction activity, and in particular in housing starts.

Meanwhile, on the foreign exchange markets yesterday, traders were at a loss to explain the strength of the dollar's recovery in recent days. Some economists have been suggesting that the US currency has now "bottomed out" after its two years of decline, but many others are sceptical and believe that the latest moves merely reflect a temporary correction.

The dollar closed in London at DM 1.84, 1.05 pfennigs higher than on Friday and continued to climb in New York trading. Against sterling it closed at $1.5945 compared with $1.6160.

Currencies, Page 35

Silkworm missiles deployed by Iran

BY TONY WALKER IN KUWAIT

IRAN HAS BEGUN deploying Chinese-supplied Silkworm missiles on the Fao peninsula at the northern end of the Gulf, according to Western officials here.

The missiles, which have a range of about 50 miles, pose a new threat to Kuwait and its oil installations which would be well within their range. They have an explosive capacity about three times that of an Exocet.

The US has warned Iran against deploying the Chinese missiles in the southern Gulf overlooking the Strait of Hormuz because of the threat to shipping.

The Silkworms, which are fairly crude devices, are relatively inexpensive. The surface-to-ship missiles are capable of causing serious damage to large vessels.

The newly deployed missiles on Fao are also within range of Iraq's naval base of Umm al Qasr, accessible by way of the Khawr Abdallah channel at the northern end of the Gulf.

A Western official said it was unclear whether the Silkworms on Fao were as yet fully operational.

In January, at about the time of a meeting of the Islamic Conference Organisation here, Iran fired two missiles, thought to be of Russian manufacture, towards Kuwait. Neither caused damage.

Iranian troops occupied Fao early in 1986 in what was seen as a major setback for Iraq. Subsequent furious attempts to dislodge the Iranians failed.

Iran at the weekend denounced Kuwait over its support for Iraq in the Gulf war. This followed renewed Iraqi air strikes against tankers servicing Iranian ports in the northern Gulf.

Mr Hussein Mousavi, Iran's Prime Minister, said the attacks were carried out with the "help of facilities of Kuwait." Their purpose was "to pave the way for America's presence in the region."

Iraqi planes overfly Kuwait in their missions in the northern Gulf. Arms for Iraq, mostly from the Soviet Union, are transhipped through a Kuwaiti port.

Meanwhile, Iran says its troops have seized the Iraqi border town of Mawat, 60 miles north of the key Iraqi Kirkuk oilfields.

The Iranian news agency, Irna, said 2,000 Iraqi troops were killed in the battle for Mawat. It said the offensive was launched in retaliation for renewed Iraqi attacks on shipping in the Gulf.

An Iraqi military spokesman denied the Iranian reports. He said the situation was stable in all border villages and towns of northern Iraq.

UK airports group sale likely to raise over £1bn

BY RICHARD TOMKINS IN LONDON

BAA, the British airports group, is to be floated on the London stock market through a unique hybrid issue which will comprise a fixed price offer and a tender offer of its shares.

The UK Government yesterday published the prospectus for a flotation aimed at achieving the twin objectives of securing the best possible price for the company and of further extending share ownership among the British public.

Next month's flotation is expected to value BAA at between £1.1bn and £1.2bn ($1.9bn). All the company's 500m shares will be sold, about three-quarters of them through a normal fixed-priced offer and the rest through an unusual tender.

Investors will be allowed to make a single application for shares in the fixed-price offer plus as many applications as they like in the tender.

Successful tender applications will be accepted at the price tendered: there will be no common striking price, as in conventional tender offers. If this part of the offer is oversubscribed, a cut-off price will be set and all applications above that price will be accepted in full.

This method of tendering is virtually unknown in UK equity offerings, although it is more common in the gilts market.

Mr Paul Channon, the Transport Secretary, said the tender would enable investors to obtain larger holdings than in other recent privatisations. However, the Government had decided against a full tender because millions of other would-be investors were unfamiliar with the method.

The Government's intention to pitch the fixed-price offer at the small investor is reflected in a particularly low minimum application level of 150 shares, compared with 400 for the Rolls-Royce issue earlier this year. However, the minimum tender application will be for 1,000 shares.

The issue is already attracting a strong response. Almost 500,000 people have registered with the BAA share information office compared with half as many at the same stage of the Rolls-Royce offer.

Mr Channon said he expected substantial demand for the shares from the UK public and institutions. No overseas offerings had been arranged, but overseas investors would be able to apply for shares in the fixed-price and tender offers.

The share price will be payable in two instalments, one on application and the other by May next year. The pricing of the offer will be published on July 8 and the prospectus will be published two days later.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	21	70	Dubrovnik	F	22	72	Malta	S	26	79	Rhodes	S	27	81
Algiers	S	25	77	Edinburgh	R	12	54	Manchester	C	13	55	Rio de Jo	S	26	79
Amsterdam	F	17	63	Faro	S	28	82	Manila	S	34	93	Rome	S	24	75
Athens	S	28	82	Florence	F	27	81	Melbourne	F	15	59	Salzburg	R	13	55
Bahrain	S	34	93	Frankfurt	C	17	63	Mexico City	S	22	72	San Francisco	S	20	68
Bangkok	C	32	90	Funchal	F	23	73	Miami	C	32	90	Seoul	S	29	84
Barcelona	F	21	70	Geneva	S	19	66	Milan	S	25	77	Singapore	F	31	88
Beirut	S	27	81	Gibraltar	S	23	73	Montreal	C	27	81	Stockholm	S	22	72
Belfast	F	17	63	Glasgow	C	14	57	Moscow	C	20	68	Strasbourg	F	19	66
Belgrade	T	21	70	Guernsey	Fg	13	55	Munich	F	17	63	Sydney	S	19	66
Berlin	F	18	64	Helsinki	F	21	70	Nairobi	—	—	—	Taipei	S	32	90
Biarritz	F	18	64	H. Kong	S	32	90	Naples	F	23	73	Tangier	S	28	82
Bombay	F	32	90	Innsbruck	C	16	61	Nassau	C	31	88	Tel Aviv	S	30	86
Bordeaux	F	21	70	Inverness	C	14	57	New Delhi	R	39	102	Tenerife	S	24	75
Brussels	F	17	63	Islamabad	S	38	101	New York	R	22	72	Tokyo	S	24	75
Budapest	F	21	70	Istanbul	S	22	72	Nice	S	21	70	Toronto	C	26	79
B Aires	S	16	61	Jakarta	S	33	91	Nicosia	C	32	90	Tunis	S	27	81
Cairo	S	37	99	Jersey	D	14	57	Oporto	S	29	84	Valencia	S	26	79
Cape Town	S	23	73	Jo'burg	S	12	54	Oslo	S	12	54	Venice	S	23	73
Caracas	C	27	81	Lima	C	21	70	Paris	F	19	66	Vienna	R	11	52
Casablanca	S	24	75	Lisbon	S	30	86	Peking	C	26	79	Warsaw	F	25	77
Chicago	S	27	81	London	R	15	59	Prague	S	16	61	Washington	—	—	—
Cologne	C	17	63	Los Angeles	S	25	77	Reykjavik	C	12	54	Zurich	R	16	61
Copenhagen	F	15	59	Luxembourg	F	17	63								
Corfu	S	24	75	Madrid	S	28	82								
Dallas	—	—	—	Majorca	F	24	75								
Dublin	F	17	63	Malaga	S	25	77								

Readings at mid-day yesterday: C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

FINANCIAL TIMES
Tuesday June 23 1987

TSB puts in £220m agreed bid for Target

BY HUGO DIXON AND NICK BUNKER IN LONDON

TSB, the UK financial services group, yesterday made a £220m ($358m) agreed bid for Target, the unlisted life company, in what is the first major acquisition since its £1.5bn stock-market flotation last September.

The deal was part of the TSB's strategy of building a strong presence in growth sectors of the financial services market, Sir John Read, chairman, said.

Target's unit-linked life products, which are largely sold through independent intermediaries to wealthy individuals, would complement the activities of TSB Trust Company, which sell life products mainly to the bank's less wealthy customers through a direct sales force, he added.

TSB Group's own life subsidiary, TSB Life, has doubled its sales force to 400 since 1984, but its traditional customer base has been similar to that of the Prudential Corporation while Target has been oriented to the same type of wealthy customers as Allied Dunbar or Abbey Life, the UK's biggest unit-linked life companies.

Target, which had been planning to announce a stock market flotation before TSB made its approach, would benefit from increased resources which could be used for acquisitions and would be freed from vagaries of the stock market, Mr John Stone, its managing director, said.

The price of £220m included a "fair bid premium" on top of what a flotation of Target was likely to have realised, Mr Stone said. Target's pre-tax profits for 1987 are expected to be at least £10m.

Both TSB and Target stressed that, as part of the agreement, Target would retain its management and continue to operate as an independent company within the group. Target said it would not have agreed to the deal otherwise and Mr Philip Charlton, chief executive of TSB, said it would have been a "kiss of death" to integrate Target with TSB Trust Company.

Sir John did, however, suggest that there would be opportunities for the two companies to cross-sell products to each other's customers though he refused to specify what products.

Opportunities to cross-sell life and unit-trust products will, in fact, be outlawed under investor protection rules devised by the Securities and Investments Board. That means cross-selling will be limited to the group's other products.

Since its flotation last year, TSB has come in for much criticism for failing to find a more imaginative use for the proceeds than investing them in gilts and other low-yielding assets. Sir John made it clear he hoped that chapter had ended.

So far nearly 70 per cent of Target's shareholders have accepted the offer. These include Morgan Grenfell, the merchant bank group, which had a stake of 19.9 per cent.

It arranged the original buy-out of Target from Charterhouse J. Rothschild and the Reliance group in 1984 for £52m. Morgan Grenfell has therefore made a profit of £33m, which it will be adding to its war chest, Mr John Craven, its chief executive, said.

Other quoted shareholders of Target include Transcontinental Services Group and Scottish Mortgage Trust.

Salomon stake crucial in bid

By Anatole Kaletsky in New York

SALOMON BROTHERS has acquired convertible debentures in Harcourt Brace Jovanovich, the US publishing house, for about $35m, and not for $350m, as stated in yesterday's Financial Times.

Salomon said the 21,987 debentures, which have a face value of $1,000 each, were bought for prices ranging from $1,332 and $1,848 between May 21 and June 12.

Although the Salomon holding was acquired purely for arbitrage purposes and not on behalf of any client, it could potentially be convertible into as much as 38 per cent of Harcourt's equity and therefore play a decisive role in Harcourt's attempts to fight off the takeover bid from Mr Robert Maxwell's British Printing and Communications Corporation.

The precise impact should be determined this week in a Florida court, which will adjudicate a dispute over conversion rights between Harcourt and the debenture holder's trustee, Suntrust Banks, which is backed by Salomon Brothers.

Prior to the recapitalisation, each $1,000 debenture was convertible into 29.4 common shares at a price of $34 a share. The debenture agreement, however, provided for the conversion terms to be altered in the event of major changes in the company's financial condition.

The debenture holders are arguing that the recapitalisation dilutes their interests in the company to such a degree that each debenture should become convertible into 1,000 common shares at only $1 a share. This would make Salomon's stake convertible into 21.9m shares, or 38 per cent of the recapitalised company's equity.

Paul Betts examines the competitive strategy of France's big electronics group

Thomson recovers rating in TV market

BARELY six months ago, speculation was still rife in France over the future of the big consumer electronics division of the state-owned Thomson defence and electronics group.

But with last week's agreement to buy Thorn-EMI's television and other electronic brown goods operations for £90m ($145.8m) the French group has firmly underlined its intention to remain one of the few last leading European players in this cut-throat industry.

"The UK operations which we are buying will comfort our position as number two in Europe after Philips," explained Mr Pierre Garcin, the new chief executive of Thomson's consumer electronics division, Thomson Grand Public (TGP). Mr Garcin had always been somewhat astonished by speculation in France during the last few years that Thomson intended to withdraw from the brown goods business.

He acknowledged that Thomson had faced difficulties after 1981 in this sector. But after major restructurings, TGP has staged a strong recovery with its operating profits more than doubling to over FFr 800m ($131.3m) last year compared with the year before.

Mr Alain Gomez, Thomson chairman, confirmed these results last April and lifted any remaining doubts about the future of these activities when he emphasised that they would continue to be one of the major core businesses of the group, alongside the Thomson CSF defence and professional electronics subsidiary.

Before the latest deal with Thorn, Thomson's consumer electronics division accounted for FFr 20.5bn of the group's total sales last year of FFr 62.7bn.

The acquisition of Thorn's Ferguson television business will add about FFr 3bn of additional annual sales to the Thomson consumer operations. More significantly, it will give the French group access to the largest market in Europe for television sets.

Mr Garcin said negotiations to buy the Ferguson business from Thorn took barely two weeks. Thomson was anxious to buy these businesses to penetrate the UK market and to prevent another competitor from acquiring the operations.

Mr Garcin said Thomson, already a close partner of Thorn-EMI in the video cassette recorder joint venture grouping the two European companies with JVC of Japan, had been aware for some time that Thorn would have to search for a longer-term solution to its consumer electronics businesses by integrating them with another group.

"The managers of Thorn reached the same conclusion as us which led to the present deal," he said.

Thomson started building up its presence in the consumer electronics market in 1963 with a systematic series of acquisitions in France and Europe. In 1971, its consumer electronics sales totalled FFr 6.5bn in current francs.

Thomson took over GE's Spanish operations in 1974 and made a number of other acquisitions, culminating with the purchase of Telefunken in 1983 after failing against Philips to buy Grundig. At that time Thomson saw its annual sales rise in this sector to FFr 20.5bn.

However, to remain competitive, the French group felt it still needed to increase its critical size in Europe and especially penetrate the UK market.

Thomson manufactures about 2.8m colour television sets a year and 700,000 video cassette recorders. The Thorn businesses will add 700,000 colour TV sets a year and 300,000 video cassette recorders.

With annual production of about 3.5m colour TV sets, Thomson will lie fourth in the world league after Philips which, with its subsidiary Grundig, makes 6.9m sets, Matsuchita with 6m sets and a group of Japanese companies including Sanyo, Hitachi and Sharp-Toshiba whose production averages about the same as Thomson's with the addition of Ferguson.

Mr Alain Gomez, left, the chairman of Thomson, has been a driving force behind streamlining operations to restore the group to the black. Speculation that the consumer electronics business would be sold off in the same way as the civil communications unit has been quashed by a successful programme of restructuring and by the desire to maintain the brown goods unit as a core business.

While Thomson has reinforced its core consumer electronics businesses by external acquisitions – the Thorn deal being the latest – it has also done a lot of spring cleaning inside the group, restructuring operations and shedding what it considered as non-strategic businesses such as car radios and heaters.

Faced with growing international competition, especially from the Far East, Thomson is cutting its consumer products workforce from 36,000 at the end of 1984 to a target of 29,000 by the end of this year.

In the last few years it has also transferred production of a number of products from France to the Far East to reduce production costs and compete against lower cost producers. This has been the case of both Thomson's personal computer and hi-fi audio business.

Thomson, says Mr Garcin, now employs more than 3,500 people in plants in Singapore, Thailand and Malaysia. Hourly costs per employee were as low as FFr 3.7 in Malaysia and FFr 12.5 in Singapore compared with as much as FFr 85 in France.

The problem of competitiveness is even more eloquently reflected when one considers that hourly costs per employee, including salaries and social and other related charges, have risen from FFr 45 in 1981 in France to the present level of FFr 85 an hour, at least in the consumer electronics sector.

In the same period, Mr Garcin explained, equivalent hourly costs rose from FFr 10 in 1981 to the current level of FFr 12.50 in Singapore.

Although Thomson has recently lost heavily on personal computers – as much as FFr 300m last year – Mr Garcin said this sector ceased losing money after production had been transferred offshore.

If Thomson seized the Ferguson opportunity when it came up as part of its international expansion strategy in the brown goods market, it has taken the opposite approach in the white goods domestic appliances sector. Thomson showed no interest whatsoever in Thorn's white goods operations which have been sold to Electrolux of Sweden.

In the white goods sector, which accounts for about FFr 5bn in the group's annual sales, Thomson has preferred a distinctly domestic approach. Although competitors like Electrolux or Italian manufacturers have sought to develop exports and internationalise their operations through acquisitions, Mr Garcin said Thomson, which "earns a good living from domestic appliances," felt this was a peculiarly domestic type of business because of the differences in appliances and traditions in various countries.

If there have been doubts about the future of Thomson's consumer electronics business, it is likely they have been caused by the widespread public perception over the general strategy of Mr Gomez.

The Thomson chairman has regularly emphasised that he would shed businesses which were not economically sound in his efforts to restore the Thomson group to the black.

After shedding Thomson's civil telecommunications business to the French CGE-Alcatel group, there was speculation about the future of the consumer business which started facing severe difficulties about six years ago after previously being profitable.

But as was the case with Thomson's medical equipment business, which Mr Gomez considered selling before its successful restructuring and return to profitability, the consumer electronics business appears to have won its spurs.

Thomson is among the French state companies to be eventually floated under the French Government's privatisation programme, and, with the Thorn deal, it has confirmed its ambitions to remain one of the last major European players in the Japanese-dominated market of electronic brown goods.

Moulinex forecasts FFr 41.7m loss

BY GEORGE GRAHAM IN PARIS

MOULINEX, the troubled French kitchen equipment maker, has revised its forecasts for this year's results downwards to a loss of FFr 41.7m ($6.8m) after earlier predicting that it would break even.

Despite the deterioration of its earnings forecast, Moulinex still claims a substantial improvement from last year, when it lost FFr 226m, mainly because of heavy restructuring costs.

Mr Rolan Darneau, the company's newly appointed managing director, made the forecast following the leak of extracts from a report on Moulinex carried out by the accounting firm Sundex.

Mr Darneau said Moulinex's operating profit would be FFr 206m this year if the effects of short-time working were excluded, compared with only FFr 1m in 1986 on the same basis.

The company has had to revise its forecasts downwards because of a cyclical reduction in sales of 17 per cent in the first quarter of the year. Since April, Mr Darneau said, sales had been improving, with total sales to the end of May only 12 per cent lower than in the same period of 1986. This showed that the new sales policy, which includes higher prices on a recentred product range, was bearing fruit.

Epeda moves into front seat in Italy

By Our Paris Staff

EPEDA-BERTRAND Faure, the leading European car seat manufacturer, is expanding into Italy with the acquisition of Sicam, the main supplier of seats to Fiat, Lancia and Alfa Romeo.

The purchase extends Epeda's position in the European market, where it already owns Schmitz and Co in West Germany as well as being present in Spain and Portugal.

Epeda is also dominant in its native French market, where earlier this year it signed an exclusive contract to supply Renault with car seats, taking over in the process the French state-owned car group's seat manufacturing subsidiary, Sotexo.

Sicam's reached L90bn ($68m) in 1986. The company owns three car seat plants. It had already set up a joint venture with Epeda, Cousin Italia, to build seat mechanisms.

The Italian company will be integrated into Epeda's car seat divisional holding company, Bertrand Faure Automobile.

American Brands buys Acco World

BY OUR NEW YORK STAFF

AMERICAN BRANDS, the diversified tobacco, liquor and consumer products company, is buying Acco World corporation, a leading supplier of office products, in an agreed merger worth $602m.

The Acco acquisition will strengthen the position of American Brands' office products group, which has sales of $347m annually and owns Swingline, the world's largest manufacturer of staples.

Acco, which is based near Chicago, has sales of $250m and is a leading manufacturer and marketer of paper clips, staples, paper binders, computer supplies and other office products.

American Brands has agreed to sell Acco's stapling business and two other minor office product lines to win anti-trust consent for the merger, which is also conditional on no reference being made in Britain to the Monopolies and Mergers Commission.

Both companies have a large presence in Britain – American Brands through Ofrex, part of the Gallaher tobacco and office products subsidiary.

In the year to March 31, Acco had net income of $23.2m, or $1.12 a share. Acco's shares jumped $5 to $28½ yesterday morning in New York on news of the merger.

INTL. COS AND FINANCE

Lloyds Bank names new chief executive at Canadian unit

BY BERNARD SIMON IN TORONTO

LLOYDS BANK is to put its stamp on its new Canadian subsidiary by appointing Mr David Drake, at present Birmingham regional director, as chief executive of Lloyds Bank Canada (LBC).

LBC became the biggest foreign-owned bank in Canada last November when it acquired Continental Bank of Canada which was struggling to overcome a run on wholesale deposits caused by a loss of confidence in the country's medium-sized and small banks.

Mr Drake, 45, succeeds Mr David Lewis, a Canadian who was Continental's chief executive. Mr Lewis, who will remain a vice-chairman of the bank, said that a senior Lloyds banker with solid line experience would best be able to take advantage of the opportunity to integrate the Canadian operations with Lloyds's international activities.

Mr Drake's appointment means that three of the most senior jobs in LBC will be filled by Lloyds men. Shortly after the takeover, the British bank named Mr Ernie Field, a senior executive in its former California subsidiary, as deputy chief executive.

The president of the former Lloyds Bank Canada is in charge of the enlarged bank's treasury operation, which has been expanded to reflect Lloyds' strength in interbank and foreign exchange markets.

The group had assets of C$5.5bn (US$4.1bn) on April 30.

Mobil unit predicts profits fall

MOBIL OIL, the West German subsidiary of Mobil Corp MOB, said it expects this year's profits to decline after 1986 profits fell to DM 230m ($127m), from DM 352m in 1985, Reuter reports from Hamburg.

Herbert Detharding, managing board chairman, told a news conference that Mobil's refining and marketing sector recorded a loss of DM 14 a tonne in the first five months of this year. Last year that division returned to the black with an average profit of DM 26 a tonne. He said the fact that refining and marketing were making a loss again was largely due to the expiration of so-called netback contracts.

But Mr Detharding said Mobil Oil's internal restructuring measures had ensured its survival, adding that the unit was also expected to make a profit this year.

"Situations will always arise that can only be solved by bright people backed by uncompromised capital strength."

Large corporations have drastically reduced their reliance on traditional bank borrowing. But there will always be complex financings that need the brains and specialised experience only a firm like J.P. Morgan can supply. In addition to our ability and willingness to find the right solution, Morgan clients have access to another singular benefit: our role as principal backed by our financial strength. More than $8.2 billion in total capital allows Morgan to work closely with you, stay with you, and act only when it benefits you most in terms of risks and costs. We have the freedom not to compromise.

Which is the client and which the Morgan banker? It's hard to say, illustrating the kind of financial partnership we build.

JPMorgan

Yoko Shibata on the seasonal threat of Japan's corporate racketeers

Sokaiya set companies trembling

JUNE 26 is the busiest day in the year for Japan's corporate extortionists and racketeers, known as Sokaiya.

That is the day that 1,067 of Japan's listed companies, representing 80 per cent of those quoted on the Tokyo Stock Exchange which have year-ends in March, hold their annual shareholders' meetings. Among them are the 13 "city" or commercial banks; Nippon Telegraph and Telephone (NTT), the most highly capitalised company in the world; Japan Air Lines; and Toshiba Machine, the group embroiled in controversy over its sales of sophisticated machine tools to the Soviet Union.

Big or small, controversial or boring, all of these companies tremble at the thought of the Sokaiya. The Sokaiya extract money from companies by threatening to disturb meetings with harassing questions. In exchange for payoffs, they offer various services such as the discreet warding off of troublesome questions from other shareholders.

With the Sokaiya's costly help, many companies manage to conclude their shareholder meetings peacefully and in orderly fashion with all proposals unanimously endorsed only 20 minutes or so after opening.

But many companies resist the Sokaiya's advances, and that is why the police department, in response to company requests, plans to assign 4,000 staff nationwide to shareholder meetings on Friday.

For example, this will be the first showdown experienced by NTT, the denationalised telecommunications giant, following its listing of shares on Japanese stock exchanges last February. The number of NTT shareholders reached 688,863 as of the end of March, of which nearly all were individual investors.

The possibility of a Sokaiya presence at the annual meeting has become a matter of grave concern for NTT and the Tokyo Metropolitan Police Department (MPD). NTT has sent invitations to the annual meeting to all of its shareholders, including those who own only one of its shares—they closed yesterday at Y2.53m ($17,440) apiece. The high price per unit has led to a waiving of the usual exclusion from annual meetings of those holding less than 1,000 shares.

It could be a golden opportunity for Sokaiya to show their strength at the first annual meeting of the market leader.

It is five years since the commercial code was revised with the express purpose of making shareholders' meetings less vulnerable to Sokaiya. The idea was that the gangsters would be discouraged by having to buy so many shares in order to participate. For example, they now have to pay Y4.8m to buy 1,000 shares in Sumitomo Bank. Also, under the revised law, corporate executives can be fined for providing any sort of payoffs or benefits.

The ranks of Sokaiya have apparently shrunk from their heyday level of about 5,000, though those under police surveillance still number about 1,000. Of the shareholders' meetings held by 470 companies in the January-May period of this year, only 16 were longer than two hours, compared with 42 last year. Since police picked up Isetan, a leading department store, paying off the Sakaiya in 1984, seven companies have been caught in Sokaiya connections, including such names as Noritake, the tableware maker; Konishiroku Photo Industry, which produces under the Konika and U-Bix brands; and Sumitomo Marine and Fire Insurance.

However, Sokaiya are broadening their targets by infiltrating medium-sized companies outside Tokyo that have little experience in managing annual meetings and whose share prices are not at the stratospheric levels of many national companies. Moreover, the police fear that the Sokaiya are on the comeback trail with methods more sophisticated than in the past.

In the first six months of this year, nine Sokaiya were arrested on charges of violating the commercial code. Justifying co-operation with extortionists, some companies say they do not want their president jeered at by Sokaiya at a meeting, and that media coverage at a prolonged meeting such as the record 13½-hour meeting by Sony in 1985, would blacken their name. The police say corporate-Sokaiya connections are cleverly masked, and these cases are only the tip of an iceberg.

Sokaiya survival tactics have become increasingly cunning. For example, to give the blackmail a veneer of respectability, they lease potted plants to companies from which they previously received funds. Or they sell them publications costing between Y100,000 and Y300,000 annually. Such publications sent by Sokaiya to companies number about 400, according to the police.

Recently, a Sokaiya in Tokyo used a new ploy, sending three Americans and one Frenchman to a shareholders' meeting of a medium-sized company, putting questions in English and French in an attempt to drive the meeting into confusion. Other Sokaiya solicit money from companies by holding spurious business seminars and parties.

At the end of last month, the superintendent general of the MPD met with the presidents of 13 city banks and three long-term credit banks and pleaded for united efforts to eradicate the Sokaiya.

The banks are believed to be the most generous patrons of the Sokaiya, although not out of choice. In ferreting out information about the banks, which have expanded the scope of their activities markedly since the Government began liberalising financial markets, the Sokaiya have acquired a considerable knowledge of financial and capital markets and new instruments.

Rescue package for Sabah Bank

BY WONG SULONG IN KUALA LUMPUR

NEGOTIATIONS are in the final stages between Bank Negara, the Malaysian central bank, and the Sabah Government on a rescue package for the state-owned Sabah Bank.

Dr Jeffrey Kitigan, the outgoing Sabah Bank chairman, and brother of Datuk Pairin Kitigan, the Sabah Chief Minister, has confirmed that an injection of about 120m ringgit (US$48m) is needed for the bank which has suffered losses estimated at around 100m ringgit to 120m ringgit.

Most of the losses were incurred because of bad or non-performing loans made to businessmen and politicians connected with the previous state government, and because of the recession in the timber and construction business.

The negotiations have narrowed down to two options: Bank Negara can either buy shares in Sabah Bank or it can grant it an interest-free loan.

According to bankers, Sabah Bank will be the fourth, and probably the last major rescue of a bank to be undertaken by the Malaysian authorities.

In 1984, the authorities had to inject nearly $1bn to rescue Bank Bumiputra, the country's largest bank, from its bad loans to Hong Kong property speculators.

Bank Negaral injected 135.5m ringgit into United Asian Bank last November, and another 220m ringgit into Perwira Habib Bank in January to rescue the two institutions. The central bank now owns 58.9 per cent of the equity of UAB, and 49.4 per cent in PHB.

As part of the latest proposed rescue package, at its annual meeting next month Sabah Bank will seek authority to increase its current paid-up capital of 58.9m ringgit through a rights issue.

Datuk Nicholas Fung, the former State Attorney General, will take over as its chairman, while a new general manager has been appointed.

The bank has seven branches, six in Sabah and one in Kuala Lumpur. It has deposits of around 700m ringgit and loans of 550m ringgit.

Sports Toto to be listed on Kuala Lumpur SE

BY OUR KUALA LUMPUR CORRESPONDENT

SPORTS TOTO, the Malaysian government controlled lottery organisation, is to gain a listing on the Kuala Lumpur Stock Exchange, with a public offer of 5.25m shares at 2 ringgit each.

The organisation was established by the government in 1969, and 70 per cent of the shares were sold to B and B Enterprise and Melewar Corporation in May 1985 under the state privatisation programme.

However, the government still controls the policies and board of Sports Toto through a special single management share.

Sports Toto is capitalised at 30m ringgit (US$11.9m), divided into one ringgit shares. After the public offer, the B and B stake would be reduced to 45 per cent, and Melewar's stake to 7.5 per cent, with the government retaining 30 per cent.

James Capel in Peking fund venture

By Gordon Cramb

JAMES CAPEL, the London stockbroker owned by Hongkong and Shanghai Banking Corporation, has joined with Peking-linked financial institutions in fund management ventures aimed at attracting capital from mainland China as well as within the British administered territory.

Two joint venture companies are to be set up with Nanyang Commercial Bank (NCB), one of the Bank of China sister banks operating in Hong Kong, as well as Sin Hua Trust and Ming An Insurance. They will seek to develop investment management, unit trust and pension fund business.

Mr James Furgusson, international director and deputy chairman of James Capel, said in London yesterday on his return from Hong Kong: "We believe this is a notable first in relationships with mainland China in the fund management field, which has tremendous potential both in the immediate future and beyond 1997."

The ventures will start their existence under the banner of NCB, with it and Capel each holding 37.5 per cent. Sin Hua will own 15 per cent and Ming An the remainder.

CSR may buy into Singapore sugar refiner

CSR, Australia's largest sugar group, is seeking to expand into sugar refining overseas, with negotiations well advanced on gaining a stake in a Singapore refinery, Reuter reports from Sydney.

Joint ventures in other South-east Asian countries are also being examined, according to Mr Bryan Kelman, chief executive.

He declined to name the Singapore refinery but said the Kuok family and the Singapore government have holdings in it.

CSR would want to manage any foreign refining venture, even if it did not have a majority of its equity.

At the same time, he said, CSR is not overly concerned at the intervention of Mr Ron Brierley's Industrial Equity and Mr Allan Hawkins' Equiticorp Tasman in takeover offers by CSR, for Pioneer Sugar and Monier in Australia.

Euroyen sector prices hit by sharp falls in Tokyo

BY CLARE PEARSON

SHARP FALLS in yen bond and share prices in Tokyo yesterday shook the Euroyen market and the sector for equity related Eurobonds issued by Japanese companies.

Euroyen bond prices dropped by as much as two points, and those of seasoned equity warrants bonds by around four points, in the wake of the tumble in the Tokyo markets.

A number of reasons were cited for the falls, including the weakening yen, a jump in short-term interest rates, and news that the Japanese Government would be issuing an additional Y1,360bn worth of bonds in 1987-88.

Most of the falls in the Euroyen market occurred in the opening trades and dealers said that later in the day a few bargain-hunters began to appear.

But the equity warrants sector showed no such signs of recovery. In the new issues market, two-way liquidity had virtually dried up by the afternoon and only offers were to be found on brokers' screens.

Dealers said they had been expecting a shakeout in this area given the welter of bonds on ever-more expensive terms that have been appearing lately, especialy as in many cases comparable bonds could found at much cheaper levels in the secondary market.

Nevertheless, a jumbo $800m equity warrants issue for Toyota is still expected to emerge on Thursday.

Elsewhere, the Eurosterling bond market suffered falls of up to one point in the five-year area as sterling came under pressure. But dealers said that some retail interest was surfacing as yields became more attractive.

Meanwhile, the Eurodollar bond market was cheered by the dollar's continuing strength, though no new issues appeared.

INTERNATIONAL BONDS

Two new bonds were launched in the Australian dollar bond market. First to emerge was an A$50m four-year bond for Indosuez Australia, guaranteed by the parent, which was led by Credit Suisse First Boston.

The 14½ per cent issue, priced at 10¾, struck the market as tight compared with an outstanding 14½ per cent three-year Indosuez bond, especially as the Australian dollar bond yield curve has become slightly positively sloping lately.

The second bond was an A$50m three-year issue for ASLK-CGER Finance, the vehicle for CGER, the Belgian savings bank. The 14½ per cent deal, priced at 101¼, was led by Goldman Sachs International.

Swiss Bank Corporation International led C$75m five-year issue for Central Capital, the Canadian company which last week acquired a diversified financial services group controlled by Canadian General Securities.

The bond was priced with a 10 per cent coupon and 101½ issue price, so that it could be sold on an asset swap basis.

Banker Trust International led another issue in its series of synthetic floating rate notes backed by the rump bonds of Japanese equity warrants deals.

Yesterday's $150m five-year issue—Tops Series Five—pays 15 basis points over six-month London interbank offered rate, is priced at 100.10, and is bacekd by $215m worth of ex-warrant bonds.

Credit Lyonnai issued a Y10bn five-year 6 per cent issue priced at 108¾. It was led by Nomura International and Credit Lyonnais itself.

In the D-Mark market, a DM 600m issue emerged for the World Bank—the largest issue since January—even though Euro and domestic bond prices fell by up to 1½ points in the face of the strengthening dollar.

The World Bank was understood to have been hoping to achieve a 6 per cent coupon on its 10-year bond, but the issue was eventually priced at 6¼ per cent with a 99¾ issue price. The bond, led by Deutsche Bank, was still quoted well outside its 1¾ per cent fees at less 2½ bid.

In Switzerland, prices were unchanged in low turnover. Credit Suisse announced a SFr 100m 10-year bond with five-year equity warrants for Banque Bruxelles Lambert International, guaranteed by the parent. The indicated coupon was 2¾ per cent.

Pakistani fund attracts PRs 1bn

GRINDLAYS BANK, part of the ANZ group, has attracted more than PRs 1bn ($57.5m) for a Pakistani leasing fund designed along Islamic financial priciples, making the issue 12½ times subscribed, writes Our Financial Staff.

According to the bank in Karachi, the response to First Grindlays Moderaba—a leasing venture which pay investors profits rather than interest—was a record for any public offering in Pakistan.

he equivalent of PRs 640m in subscriptions came from non-resident Pakistanis, who were allocated half the total PRs 80m on offer. A PRs 32m domestic tranche drew in PRs 367m while the state-run National Investment Trust took up its PRs 8m portion as planned.

Bond sales limits sought on Japanese insurers

By Yoko Shibata in Tokyo

JAPANESE securities houses are seeking to impose a set of limitations on the proposed over-the-counter sales of government bonds by life insurance companies.

The Ministry of Finance intends to allow life insurers to begin over-the-counter sales of the government bonds they underwrite as early as this October. At present, life and non-life insurance companies are barred from selling government bonds, even though they are members of the government bond underwriting syndicates.

The ministry's move arises from the fact that credit associations, agricultural co-operatives and labour credit associations started such sales this April, and that post offices—which are not members of the government bond underwriting syndicates—are scheduled to begin over-the-counter sales of the government bonds from this October.

The life insurance industry, despite its consistent lobbying over the past five years, has been barred from selling government bonds over the counter as a result of the vehement opposition of the securities houses.

The security houses assert that the impact of sales of bonds by the life insurers will be profound, since the life insurance companies have strong, nationwide sales networks which can mobilise up to 350,000 canvassers for their marketing efforts. Holdings of government bonds by the life insurance industry amount to Y4,000bn ($27.5bn).

In allowing OTC sales of government bonds to life insurers, the MoF is understood to be imposing some restrictions, such as limiting them to selling over the counter only the newly issued long-term government bonds they underwrite. Life insurance companies are currently underwriting about 3 per cent of the new issue of the government bonds.

In addition, the MoF is for the first time imposing a qualification test for life insurance salesmen to market government bonds.

Life insurance companies have already planned to develop and sell new insurance instruments that combine government bonds, such as variable life insurance policies and single-premium endowment insurance, in order to produce higher yields.

The securities industry has mounted an all-out campaign against the new insurance instruments which combine government bonds with life insurance policies.

It is still not certain that the insurance companies will be allowed to market the new instruments in October.

Morgan Stanley International director resigns

By Our Euromarkets Staff

MR PETER OGDEN, a prominent and long serving figure in the Eurobond market, has resigned from Morgan Stanley International, where he has been managing director with responsibility for new issues business, to devote himself to his own computer business.

"Im sorry to leave but I'm presented with an entrepreneurial opportunity that is hard to resist," Mr Ogden, 40, said yesterday. He has been with Morgan Stanley International for the past six years, having previously worked at Merrill Lynch and Continental Illinois.

Morgan Stanley International, which has not yet appointed a replacement for Mr Ogden, built its Euromarkets reputation in the fixed and floating rate debt markets. More recently, however, it has been concentrating on international share issues and equity related bonds.

Mr Ogden is chairman of two unquoted computer companies: Computacentre, a supplier fo micro-computer systems to large UK companies, which he set up with a friend in 1981, and which turned over £28m ($45m) last year, and Computasoft, a financial software company.

Mr Ogden will be retained by Morgan Stanley International as an advisory director after his departure.

US QUARTERLIES

CORNING GLASS
Glass products

	1986-87	1985-86
	$	$
Second quarter		
Revenue	491.3m	469.8m
Net profits	52.3m	54.4m
Net per share	1.13.	1.20
Six months		
Revenue	934.1m	912.7m
Net profits	81.8m	91.1m
Net per share	1.77	2.01

HUMANA
Hospital management

	1986-87	1985-86
	$	$
Third quarter		
Revenue	1.02bn	899.3m
Net profits	62.3m	52.7m
Net per share	0.53	0.53
Nine months		
Revenue	2.93bn	2.56bn
Net profits	135.4m	162.5m
Net per share	1.38	1.64

Arabs weigh Latin American debt

BY A SPECIAL CORRESPONDENT

THE BANDWAGON set in train last month by Citibank's adding of $3bn to its reserves to cover possible losses on its Third World lending continues to gather pace.

The question being asked in the Middle East is whether the big international Arab banks, which cut their teeth on a diet of syndicated lending to Latin America and other developing countries in the 1980s, will take similar dramatic steps.

The judgment of the market—that Citicorp's move was a "good thing" to be rewarded with a higher valuation for its shares — clearly provided an imperative for other banks to follow suit. Even those US banks least able to withstand such an assault on their capital, such as Bank of America and Manufacturers Hanover, have been forced reluctantly to jump aboard.

The move last week by National Westminster Bank to add £466m to its loan loss reserves has shown that the need to establish favourable market credentials has crossed national boundaries.

Any pressure for the Arab banks to follow Citicorp's example seems unlikely to come from the Middle Eastern regulatory authorities. Arab bankers have detected no pressure so far, and the relaxed attitude of supervisory authorities towards problems with corporate borrowers in the Gulf suggests that there wil be none in the future.

The leading eight Arab banks hold an estimated $5bn of Latin American exposure, small by the standards of many Western banks yet often significant in terms of their capital and their loan books.

The question of whether they have sufficiently accounted for their Third World lending is usually extremely difficult to answer because of the poor standard of reporting required of and delivered by most Arab banks.

The three Bahrain-based offshore banks, Arab Banking Corporation, Arlabank International and Gulf International Bank, have the largest exposure.

They are followed by the Kuwait Foreign Trading, Contracting and Investment Company and the National Bank of Kuwait, which acquired the bulk of its exposure through its Paris-based subsidiary, FRAB Bank International. National Commercial Bank of Saudi Arabia and the Paris-based BAII and UBAF groups complete the picture.

In relation to its equity base, the Arab bank which is most exposed to Latin America is Arlabank, a consortium owned by 28 Arab and Latin American financial institutions.

Its direct exposure of $1.1bn was more than four times its free capital net of subordinated funds and fixed assets. The bank's 1986 accounts were qualified by Arthur Andersen, its auditors, because of uncertainty surrounding the valuation of its Latin American portfolio, which accounts for over 95 per cent of its loans.

Loan loss provisions, net of write-offs, stood at less than $24m at the end of 1986 and for the bank to "do a Citicorp" would cost it $400m. Indeed, the bank's survival depends crticially on a $1bn standby 10-year subordinated loan its shareholders lined up last June.

Arab Banking Corporation (ABC), owned by the governments of Kuwait, Libya and Abu Dhabi, has expanded far beyond its base in the Gulif, and now owns banks in Spain, Hong Kong and West Germany. But its exposure to Latin America and other problem debtors may, in absolute terms, still be the largest of any Arab bank.

According to its 1986 annual report, some 12.9 per cent of its earning assets are in Latin America. That figure, which refers to the ABC parent company rather than to the consolidated assets of the ABC group, suggests Latin American exposure of around $1.25bn.

Loans to other rescheduling countries total roughly another $400m. So for ABC to follow Citibank, which has provided for about 25 per cent of problem loans, it would have to boost provisions to about $400m.

LEAD MANAGED LOANS TO LATIN AMERICA 1977-83

	($m)
Arab Banking Corporation	1,426
Arlabank International	671
Gulf International Bank	647
Al UBAF Group	433
Saudi International Bank	335
KFTCIC	305
BAII Group	246
National Commercial Bank (Jeddah)	205
All other Arab banks	759
Total	5,028

Source: Middle East Economic Survey

The expectation is that of all the Gulf-based banks, ABC is the one most likely to take the step. Bankers point out that its reserves totalled $472m (out of total shareholders' funds of $1.26bn) at the end of 1986 and that heads a more formal allocation of some of these funds toward potential loan losses would go a long way to meet this yardstick.

Gulf International Bank (GIB), ABC's arch-rival in Bahrain, has a total Latin American exposure of some $864m, smaller both in absolute terms and relative to its equity. Issued share capital amounted to $530.5m, while shareholders' funds total $747.8m.

GIB has been adjusting its Latin American debt portfolio using the secondary market where prices for Third World loans are heavily discounted, swapping into countries it favours and away from those it does not. However, this process has involved no downward valuation of its portfolio.

GIB's biggest single problem, however, is not a Latin American country but a recalcitrant debtor much closer to home.

Iraq, one of the bank's seven shareholder states, is estimated to owe GIB alone some $500m. Iraq's seven-year-old war with Iran severely drained its reserves, forcing it into *de facto* reschedulings with most of its creditors.

The three main European-based Arab consortia—SIB, UBAF and BAII—are already engaged in raising capital in response to other problems and pressure from their regulatory authorities.

For SIB in London, a write-off equivalent to some 40 per cent of shareholders' equity (half of which is owned by the Saudi Arabian Monetary Agency) has been estimated as the price of reducing its Latin American loans to market value. For both BAII and UBAF, however, such an exercise might wipe out their capital base.

For NBK in Kuwait, the consequences of digesting FRAB's Latin American portfolio may be uncomfortable, but the $90m required to bring the whole portfolio into line with market values represents only 12 per cent of shareholders' equity.

UN proposal for developing countries' loans

BY WILLIAM DULLFORCE IN GENEVA

ESTABLISHMENT of a multilateral agency to buy the debt of developing countries from commercial banks, using mainly Japanese funds, has been proposed by the United Nations' Department of International Economic and Social Affairs.

The debt could be bought at current market value and converted into new forms of liability that could offer some relief, and a different maturity structure, to the debtor countries, the department suggests in the annual UN World Economic Survey.

Now that the market has discounted the value of the commercial debt, both lenders and borrowers have an interest in "clearing the books" of the debt in its present form, the survey argues.

A debt restructuring facility, to be funded primarily through recycling part of Japan's external surplus but with financial support from other countries, is being considered by the World Institute for Development Economics Research, the survey reports.

However, the UN department suggests that it would be better for the agency to be part of an existing institution. Enhanced support by the World Bank and regional development banks is critical at the present stage, it says.

Spelling out the need for a new approach to the debt crisis, the UN department notes favourably the trend towards the elimination of fees and commissions, the reduction of spreads and the shift from prime rate to London inter bank offered rate in the restructuring process. It considers, nonetheless, that rebates on interest are still "wanting."

New arrangements for handling official debt, such as those being contemplated in the Paris Club (which renegotiates government - to - government debt) must be framed to lead ultimately to additional net flows of resources to low-income countries, the survey insists.

In particular, it points out, much remains to be done to achieve the targets of the 1986-1990 UN programme for African recovery and development.

UK COMPANY NEWS

ICI to sell on Stauffer activity for £389m cash

BY NIKKI TAIT

Imperial Chemical Industries has moved fast to sell on the speciality chemicals business of Stauffer Chemical for an effective $625m (£389m) to Akzo America, a subsidiary of the Dutch chemicals and fibres group.

ICI will get $614m in cash and Akzo will also take on $11m of long-term debt.

News of the sale follows ICI's $1.69bn plan to purchase the Stauffer Group, announced less than three weeks ago. Stauffer itself is being sold on to ICI by Unilever, which acquired it as part of its $3.2bn purchase of Chesebrough-Pond's in December.

ICI's Stauffer acquisition is not due to be completed until next month, and the disposal of the speciality chemicals business is likely to be finalised soon after that.

Mr Alan Clements, group finance director, said: "It may not be the same day, but it will be in a very short while."

Yesterday, ICI shares — which have edged back since the Stauffer announcement on some fears about gearing levels — gained 34p to 147p.

Mr Clements added that ICI has seen "quite a lot of interest" both for the speciality chemicals business and the basic chemicals interests of Stauffer.

When ICI announced the Stauffer deal, it indicated that the principal appeal was the agrochemicals side and that both the speciality and basic chemicals activities might be sold on.

"We are now talking to one or two very interested parties about the basic chemicals," Mr Clements said. If a deal is struck, he suggested it would almost certainly be this summer.

The speciality chemicals side made profits after tax of around $35m in 1986 on sales of $325m, and the book value of its net assets was put at $200m. Sales last year on the bulk chemicals side were larger at $550m, but the profits contribution was similar to that of the speciality chemicals' side.

Yesterday's purchase price was at the upper end of forecasts; analysts' estimates for the remaining disposals vary considerably, with figures between $300m-$400m mooted.

Akzo's purchase of Stauffer crowns a long and hard search for an American company that would fit neatly into the Dutch group's corporate strategy. It is the largest ever acquisition for Akzo, which had sales of Fl 15.6bn (£4.69m) last year.

Denys Henderson, chairman of ICI

The chemicals and fibres group has been trying unsuccessfully for at least two and a half years to buy a US company in speciality chemicals, coatings or advanced fibres.

At least twice it has lost out. first to ICI in a battle for Beatrice's Foods' chemicals division and then to BASF for United Technologies' Inmont Corporation, although some pharmaceutical businesses were picked up. Akzo's first bid for Stauffer, when it was still owned by Unilever, also failed.

"This purchase fulfils several of our agreed company goals," Mr Arnout Loudon, Akzo's chairman, said.

The Dutch company will acquire Stauffer's research, manufacturing and marketing activities in speciality chemicals in the US and worldwide, including high-performance lubricants flame retardants, petrochemical catalysts and synthetic rubber additives.

Its North American share of sales will rise from 12 to 15 per cent. Mr Loudon has indicated that he wants a figure around 20 per cent—the level seen before the disposal of American Enka, Akzo's synthetic fibre subsidiary — although more US acquisitions seem unlikely for the moment.

From ICI's point of view, the cash inflow will substantially ease gearing levels post-Stauffer. These would have headed towards 70 per cent on a net debt shareholders' funds basis, but will now work out at less than 60 per cent.

On ICI's preferred debt to capital employed basis, the figure will be around 35 per cent instead of 40 per cent. That, stresses Mr Clements, is seen "as quite a reasonable level."

Amstrad abandons Ferguson bid talks

By Steven Butler

A last-ditch effort to keep the Ferguson television subdivision of Thorn EMI in British hands fell through yesterday when Mr Alan Sugar, the Amstrad chairman, decided after meeting with Thorn officials, not to proceed with a rival bid.

"The time frame just didn't allow for us to interrupt. It was too far down the line," said an Amstrad spokesman.

Mr Sugar said on Friday that he would try to block the sale of Ferguson to Thompson, the French electronics and defence group, by complaining to the European Commission that it was anti-competitive. Mr Sugar was interested in Ferguson in order to build up Amstrad's television and TV-video business.

The sale of Ferguson to Thompson, which was announced last Thursday, is scheduled to be completed on July 1. Thorn said that it would have to look seriously at any offer in the mean time that included a much higher price.

Thorn has said that Ferguson would fare better inside of a large, international consumer electronics group.

Kwik Save responds to Dairy Farm bid

By Nikki Tait

Kwik Save, the North Wales-based discount food retailer where Hong-Kong-based Dairy Farm International is mounting a partial tender offer to give it control of 25 per cent of the shares, is expected to announce its response to the offer this morning and then write to shareholders later in the day.

Kwik Save met its advisers in Prestatyn yesterday, but remained tight-lipped about the outcome of its discussions. Dairy Farm is tendering at 450p a share and the offer closes on June 30. Yesterday, Kwik Save shares sank back by 8p to 463p. Dairy Farm has said that it will not increase its stake beyond 25 per cent for 12 months, but has not ruled a full bid longer-term.

GKN buys Adapt

GKN, the engineering group, has agreed to buy Adapt Vending Services, a group of privately owned companies with annual sales of £12m. The consideration will be a maximum of £7.5m in cash and loan notes, based on the 1986-87 audited accounts. Adapt will be integrated into GKN's vending services division, which has annual sales of some £55m.

Richard Tomkins on the inclusion of a tender element in the BAA offer

A step towards a remedy for stagging

THE GOVERNMENT's novel approach to the flotation of BAA is an attempt to reconcile the irreconcilable: namely, its desire to extract the highest possible proceeds from the issue while still making it attractive to large numbers of investors.

The size of first-day premiums on other recent privatisation issues has drawn criticisms that the Government has been selling off the nation's assets on the cheap in order to fulfil its political objective of widening share ownership.

To an extent, these criticisms are unjustified. The recent strength of the London stock market has taken nearly all new issues to large premiums, not just privatisations; and the size of the gains on Government flotations has been exaggerated in percentage terms by the fact that issues have been partly paid.

Yet the privatisation programme is widely perceived as having created a nation of stags—people interested more in making a fast buck out of a cheap share issue than in joining a share-owning democracy.

The incorporation of a tender element into the BAA offer is a first tentative step towards a remedy. *Its* effects are likely to be limited because it represents only a portion of the shares being sold: but if successful, it could point the way towards the future for many new issues—not just for privatisations, but for other companies too.

Alan Harper

Sir Norman Payne, BAA chairman, and Paul Channon, Transport Secretary, at the BAA prospectus launch at the Savoy Hotel yesterday

Some 500m shares, representing the whole of BAA's share capital, are to be sold. At least half of them will be offered to the public at a fixed price, and the rest will be placed with institutional investors at the same fixed price.

Of the institutional portion, some of the shares will be firmly placed and some—about 25 per cent of the whole issue —will be provisionally placed.

In previous privatisations, the provisionally placed shares have been clawed back into the public offering if the issue has been two or three times subscribed. In the BAA offer, this arrangement will not apply. Instead, the provisionally placed shares will be offered for sale by tender.

Applicants, who may be individuals or institutions from the UK or overseas, will be allowed to make only one application for fixed price shares but can put in as many tender applications as they like at any price. There will, however, be no striking price. Successful applications will be accepted at the price tendered by applicants.

If the total number of tender applications is higher than the number of tender shares available, a cut-off price will be set below which tender applications will not be accepted. Those above the cut-off price will be met in full, and those at the cut-off price will be scaled down to match the number of shares available.

This is not the first time a tender offer has been used in a privatisation issue, but the method has lain dormant since the flotation of Associated British Ports in 1984.

It fell out of favour when the concept of widening share ownership became a feature of the privatisation programme with the flotation of British Telecom in late 1984. This was because the relative complexity of the tender offer compared with an ordinary offer for sale was thought likely to discourage investors from coming forward in sufficient numbers to take up the issue.

Times have now changed. For one thing, privatisations have reached such a level of popularity that the Government can afford to sacrifice a few potential investors along the way for the sake of introducing a more efficient flotation method. Further, it considers that many new shareholders are far enough along the learning curve to try their hand at a slightly trickier investment.

There is also an important difference between this tender and earlier ones. In conventional tenders, a striking price is set and all applicants who applied at or above that price are issued shares at that striking price.

This produces two undesirable side effects. First, people apply for more shares than they want because they expect to be scaled down, and second, they tend to bid up the price to be sure of getting shares, so turning the after-market sour. The BAA tender, in its *simplicity*, should avoid both these problems.

It may, however, encounter others. One is that people will not appreciate that the price they tender is the price they pay, and some could find themselves forking out unrealistic sums for BAA's shares.

Another is that the division of 25 per cent of the issue into a tender offer means the Government could find it hard to avoid a ballot for the remaining fixed price shares. The BAA issue, at a likely £1.1bn to £1.2bn, is set to be smaller than Rolls-Royce's £1.36bn—an issue which was massively over-subscribed and escaped a ballot only by a hair's breadth.

The Government's greatest fear, however, is that investors will take a dislike to the tender and rebel. The recent history of tender offers for private sector companies — Morgan Grenfell and Virgin last year, for example—is an unhappy one, and the method has fallen into total disuse on the London market in 1987.

That, more than anything, is the reason for the cautious structuring of the offer, and a speedy reversion to traditional methods for future issues seems a certainty if rumblings of dissent become too loud.

Key dates	
Wednesday July 8	Impact day
	Fixed price announced
Friday July 10	Prospectus published
Thursday July 16	10 am: latest time for receipt of applications
Monday July 20	Basis of allocation announced
Monday July 27	Renounceable Letters of Allocation expected to be posted
Tuesday July 28	9 am: dealings expected to begin
Thursday May 19 1988	Final instalment due

CONFIDENCE IN AIR TRAFFIC GROWTH IS PROSPECTUS KEYNOTE

CONFIDENCE in the long-term growth of UK air passenger and cargo traffic is the keynote of the pathfinder prospectus for the sale of shares to the public in BAA, formerly the British Airports Authority, which was issued yesterday, writes Michael Donne, Aerospace Correspondent.

Sir Norman Payne, chairman, said yesterday the Department of Transport's traffic forecasts to the year 2000 indicated average annual growth of between 3.4 per cent and 6.1 per cent at London area airports, including Luton (not part of BAA), and between 2.1 per cent and 5.7 per cent at other UK airports.

"The directors (of BAA) expect that future growth in demand for the use of air services at BAA's airports will be within these ranges, but that, as in the past, the pattern of growth will be somewhat irregular, being linked to world economic cycles," he said.

The opening of the Channel Tunnel, planned for 1993, is likely to lead to some diversion of passengers from air services, particularly those travelling to near-Continental European cities, but neither the Tunnel nor the new London City Stolport, opening this October, is expected to have a significant impact on BAA's business.

Over the next five years, BAA will spend some £850m on new developments, including the new Terminal Two at Gatwick, development of Stansted and the expansion of Glasgow.

These, together with refurbishing of existing facilities, will be sufficient to meet demand until the mid 1990s, but thereafter further terminals and probably also runway capacity will be needed for the rest of the 1990s and into the next century.

The prospectus is especially on the controversial problem of future duty-free sales at BAA airports, in the light of threatened EC measures to eliminate them from 1992 under fiscal harmonisation inside the Community.

Out of £88m of annual duty-free gods salets at all its airports, about half is for intra-European sales. The £88m represents about half of the total income from concessions and other non-aircraft related activities of the BAA at all its airports.

The directors intend to "continue to expand these areas of the business consistent with ensuring the efficient operation of airports."

BAA shows little real concern for the threatened abolition of intra-European duty-free goods sales, however.

It points out that no detailed proposals have yet been made, and says "it is unlikely that duty and tax-free facilities will be withdrawn before 1992.

BAA points out that the 1992 date coincides with first five-yearly review by the Monopolies and Mergers Commission of the limits on airport charges which apply at south-east airports.

"If a firm date for the abolition of duty and tax-free shopping within the Community is known by this date, the MMC will be able to take account of the financial impact on the airports when it recommends the limits on airport charges to apply for the next five years.

The prospectus also reveals that Mr Jeremy Marshall, the new chief executive of BAA, is being paid a salary of £100,000 a year, compared with the £83,130 a year paid to Sir Norman Payne, chairman.

British Airways en route to Tokyo SE

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE recently-privatised British Airways is to apply for its shares to be listed on the Tokyo Stock Exchange, according to Mr Gordon Dunlop, the airline's chief financial officer.

Mr Dunlop said in Tokyo that BA's shares were currently quoted on the London Stock Exchange, as well as in New York and Toronto. "It is our intention that, in due course, we get a listing for these shares here in this very important market."

During the recent privatisation, BA's shares were offered for sale in Japan, as well as in the UK, US, Canada and Switzerland.

Mr Dunlop also indicated that a substantial part of the £1bn required to finance the airline's proposed purchase of new aircraft for both long-range and short-range work, would be subscribed by Japanese financial institutions. The Japanese element could be up to as high as 40 per cent.

Financing plans for the procurement of up to 16 Boeing 747-400 long-range Jumbo jets, worth about £1.5bn, have already been announced, but the airline is now studying further procurement of up to 10 aircraft, worth around £1bn, to replace its existing ageing fleet of 19 Lockheed TriStars.

Possible candidates include the Boeing 767 twin-engined medium-to-long range jet, the new McDonnell Douglas MD-11 tri-jet, and the European Airbus twin-engined A-330 and four-engined A-340 aircraft, recently formally launched.

Mr Dunlop indicated that a decision would be taken on such a deal within the next six months.

BA's first annual shareholders' meeting since privatisation is to be held at the Royal Albert Hall, London, next Monday.

Good second half lifts Wyndham

Following a slight increase from £46,000 to £51,000 at mid-term, taxable profits of Wyndham Group, engineering and property investment concern, moved ahead to £229,000 for the year ended March 31, 1987, compared with £189,000.

And the group has agreed to acquire Buffouter, a recently formed company, from B. J. Hoar and A. R. Hoar and members of their families, for about £1.33m. This will be satisfied by the issue of 1.02m ordinary shares and £50,000 in cash.

Group turnover for the year advanced from £2.22m to £3.33m. The final dividend is maintained at 1p net, leaving an unchanged total distribution of 1.8p. After tax of £15,000 (£20,000) earnings per 15p share are shown as 9.6p (7.7p) before extraordinary debits of £11,000 (£150,000) and 9.09p (0.86p) after the same.

The extraordinary items represented the costs incurred in the successful offer for John Williams of Cardiff.

The directors said that the engineering division had a full order book, while the financial services sector continued to meet its planned expansion.

Hollis well ahead

Management accounts for the first five months this year at Hollis, Robert Maxwell's engineering vehicle, comfortably exceeded those for the same period in 1985.

Mr Richard Rimington, chairman, told shareholders at yesterday's annual meeting that annualised sales were now running around £250m and this put the group well on the road to achieving its target of sales of £650m by 1991.

The engineering businesses bought last year, Stothert and Pitt and Grosvenor Group, came into profit in the first quarter of this year and were now making an important contribution to overall profitability.

With the continuing development of Hollis professional and financial services, the outlook for the rest of the year was highly encouraging, said Mr Rimington.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
‡Borland	1.25	Aug 4	—	3	—
‡Cranswick	3.7	July 31	—	5.55	2.66
James Cropper	2.15	Aug 7	1.9	3.25	2.75
Drummond	2.5	Sept 8	—	3.7	3
Estate & Agency	3	—	3	3	3
Kleinwort Charter int.	0.88	—	0.82	—	2.6
Oceana Dev.	nil	—	1.7	nil	1.7
Soundtracs int.	0.7	Sept 29	—	—	1.2
Volex	6.7	Oct 1	6	10	9
Whitecroft	7	—	5.9	10	8.4
Wyndham	1	—	1	1.8	1.8

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On aciptal increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market. ‖ US cents throughout.

BOARD MEETINGS

TODAY

Interims:—Electronic Data Processing, Hardanger Properties, Hellenic and General Trust.

Finals:—Brookmount, Brown and Jackson, Danae Investment Trust, Dwek, GEI International, Marina Development, Marshalls Halifax, Racal Electronics, Trimoco.

FUTURE DATES

Interims:—

Blue Arrow	June 29
First National Finance	June 26
First National Securities	June 26
Fletcher King	July 7
Hawthorn Leslie	June 29
Throgmorton Trust	July 1

Finals:—

Celession Industries	June 25
Elswick	July 1
Illingworth Morris	June 29
Lister	June 29
Rotaprint	June 29
Scottish and Newcastle Brews.	July 6
Syltone	June 25
Textured Jersey	July 6

UK COMPANY NEWS

Borland optimistic despite profit downturn to £2.9m

BY TERRY POVEY

MR PHILIPPE KAHN, Borland's president, was in ebullient mood yesterday in spite of the near halving of the California-based computer software company's pre-tax profits.

For the year to March, the USM-quoted Borland reported pre-tax profits of $4.7m (£2.93m) against $8.7m in 1985-1986 on turnover ahead by $2.1m to $29.1m.

However, Mr Khan's enthusiasm has not been dented. "This business is all about products—we don't really care about financial years," he bubbled. "There was a slippage in the new products of maybe three months and as a result we had all the costs and none of the revenues in the period reported."

However, the future seems more assured. "What really matters is that our new products have instantly been amazing successes," said Mr Khan. He described one of these pieces of software, Turbo C, as "like sticking a rocket on to your car," and as having "wiped out" a major competitor's established product.

Ms Marie Bourget, vice-president finance, said current trading was good and added: "First quarter operating profits will be better than those for the first half of last year." In the opening half of 1986-87, Borland reported operating profits of $2.6m.

Borland joined the USM last summer, with its shares priced at 125p in an offer for sale that was twice subscribed. At its interims in November, pre-tax profits were ahead 40 per cent and Mr Kahn said "everything has gone well for us."

In late January, however, warnings of full year profits lower than expected emerged—brokers forecasts were cut from $12.8m to $8m and then to $6m. Mr Kahn said yesterday that he could not be blamed for the brokers' wayward estimates. "What do they want, insider trading?" he exclaimed.

Yesterday, results showed operating profits of $2.1m ($8.67m) hit heavily by a $6.18m rise in selling, general and administrative costs to $17.51m.

However, the $946,000 interest earned on the company's $14.6m cash pile plus a $162,000 foreign exchange gain and $1.51m income from software technology sales took the pre-tax total up to $4.71m ($8.67m).

● **comment**

It is no easy job being Borland's London broker: California and the City being two places more readily separated by a common language than most. While Mr Kahn goes down very well at micro-computer users conventions, more effort (especially with the timing of introduction of new products) is needed to get what could be mistaken for marketing hype translated into the kind of tangibles that financial markets can absorb. The industry is impressed with Borland's products and the current rates of shipment suggest that inroads are being made into the market shares of Ashton-Tate, Lotus and Microsoft—the software establishment. US distributors' league tables have the latest Borland offers high up in their top tens and to date the company's fan club has not been disappointed by poor products. For shareholders, July 6, when US investors will first be able to buy Borland's shares, could be an important milestone. Microsoft is presently trading in New York on a p/e of over 100, while Borland rates a prospective of 22 on forecasts of $13m at London's 201p. As some form of US listing is also in the air, the shares are a high risk bet that could well pay off.

GEC gives undertaking on Plessey

By Nikki Tait

General Electric Company, the UK electronics group, has given undertakings to the Secretary of State for Trade and Industry, that it will not buy more than 15 per cent of rival electronics and defence company, Plessey, without his consent.

The undertaking also applies to Plessey subsidiaries. In addition, GEC undertakes that it will not merge with either Plessey or any of its subsidiaries if the deal would qualify for investigation under the Fair Trading Act or result in a "substantial transfer of activties" from Plessey, without similar consent.

Yesterday, the Department of Trade and Industry said that such undertakings were standard following publication of a Monopolies and Mergers Commission report, and that delays between publication and such announcements were not uncommon. The MMC report on GEC's $1.2bn bid for Plessey came out in August 1986 and—except for one dissenting voice—argued that the takeover should not be allowed to proceed. The main objection was the impact of the merger on competition within the UK, particularly in the market for defence electronics.

Plessey's shares, which dipped to almost 160p in September before climbing back to 256p in March, added 5½p to 229p yesterday.

Irish Wire raising £720,000

Irish Wire Products is to raise approximately Ir£800,000 (£727,000) by a combination of a rights issue and a subscription for new equity by certain investors who have agreed to underwrite the rights issues.

The subscription price is to be 45p per new ordinary. Mr D Jones will subscribe for 1m shares and will underwrite 289,091 shares; Mr Richard Hayes will subscribe for 150,000 shares and has underwritten 43,364 shares while Guidex Investments will subscribe for 225,000 shares and has underwritten 65,045 shares.

The basis of the rights issue is one new share at 45p for every six held.

The Panel on Takeovers and Mergers had indicated that subject to independent shareholders approval on a poll, they will waive Rule 9 of the Code which would otherwise have an obligation on the investors to make a cash offer at 45p for the whole of the Irish Wire share capital not owned by them following the proposed subscription. Upon completion, Mr Dennis Jones and Mr Richard Hayes will join the IWP board as non-executive directors.

Crowther pays £35.4m for another US company

BY DAVID WALLER

Crowther Group, the acquisitive Huddersfield-based textile group, yesterday announced its second major expansion into the US within four days.

Crowther has agreed to buy 100 per cent of LD Brinkman, a leading wholesale distributor of carpets in the US, for $57m (£35.4m). This follows last Thursday's £13m acquisition of a controlling interest in McCall Pattern, a designer and distributor of patterns.

Brinkmans operates from 35 depots in 20 states and supplies floor coverings and flooring products to 15,000 retail and contract customers in the South and South-West of the US.

In the year to the end of July 1984, it made pre-tax profits of $14.3m on turnover of $220m. Since then, however, the company has suffered from the effect of lower oil prices on the local economy, and from the cost of entering the more prosperous markets of California—profits for the year to July 1986 were $2.6m on $200m turnover.

Now that the Los Angeles depot is operational, Crowther directors are confident that they can achieve a return to earlier levels of profitability.

They claim that their UK carpet distribution business is managed more efficiently than the new acquisition, and that there is abundant scope for margin improvement, possibly at the expense of closing down some of the least profitable depots.

"We aim to turn each depot into a separate profit centre," said Mr Michael Abrahams, Crowther's deputy chairman, "we will incentivise the management and cut excess capacity."

Crowther first said that it intended to buy two US companies when in April it raised £57m by way of a rights and convertible stock issue. The latest transactions bring the number of acquisitions made in the last 18 months alone to 16.

Mr Trevor Barker, chairman, said that, but for one imminent purchase in Europe, the group had temporarily come to an end of its phase of growth by acquisition. "We've got the business shaped," he said.

Combined group turnover will amount to approximately £500m, he said.

Crowthers shares closed 3p up at 220p.

JWT still looking at alternatives

By Nikki Tait

JWT Group, the New York-based advertising agency and PR group which is on the receiving end of an audacious bid from the much smaller UK marketing services group, **WPP**, yesterday said that it was still considering various options and could not yet respond to WPP's proposals.

In a letter to Mr Martin Sorrell, WPP's chief executive, Mr Don Johnston, JWT's chairman, said simply that the company was still looking at alternatives and could not meet WPP's deadline set for yesterday. The letter itself was couched in extremely friendly terms—starting "Dear Martin" and ending "very sincerely." The two sides are believed to have met last week, although Mr Sorrell has now returned to the UK. Although rumours of a White Knight have circulated, WPP's offer is the only one on the table at present.

Yesterday, American investment bank Bear, Stearns also emerged with a 7.3 per cent stake in JWT, but said the shares had been bought as an investment—as part of its brokerage business.

STRATA INVESTMENTS: Net assets per warrant 49.9p at April 30 1987 against 24.3p a year earlier. Income from investments and dividends totalled £131,508 for the half year (£56,395 for eight months to April 1986). Tax took £4,119 (£103,643) leaving earnings per share of 0.004p (1.19p).

SAPPHIRE PETROLEUM (gas and oil explorer): Turnover £927,000 (£2.08m) and pre-tax loss £5.41m (£3.22m) for 1986. Loss per 50p share 25.3p (20p). Extraordinary charges nil (£10.5m). Company's shares are traded on USM.

Dalgety to sell ABM to Harrisons & Crosfield

BY DAVID WALLER

Dalgety, the food and commodities group, yesterday said that it is negotiating the sale of Associated British Maltsters to Harrisons & Crosfield, the palm oil to plantations conglomerate and parent company of Paul's Malt.

Although George Paul, joint chief executive of Harrisons, said that yesterday's announcement had been rushed out in response to some "fairly premature" weekend press reports, analysts expect the disposal to raise between £30 and £40m.

The sale of Balfour Guthrie (Canada), Dalgety's Vancouver based timber operation, is also "imminent," the company said yesterday. Dalgety first sought a buyer in March with an asking price of £70m and has now narrowed the field to three potential purchasers. The sale should be concluded next month, Dalgety said.

In a separate development, Dalgety will today announce the £17m acquisition of Preservenbedrijf BV, a Dutch maker of extruded snacks and supplier of dehydrated vegetables, which made operating profits of £2m on turnover of £21m in the last financial year.

Dalgety has never disclosed ABM's profits but brokers estimate that it made £1.4m pre-tax profits on turnover of £57m in the last financial year. If negotiations are successful, the sale would be subject to clearance from the Office of Fair Trading as Paul's Malt, already a major UK maltster, would effectively double its size.

Dalgety has pursued a vigorous rationalisation programme over the last year with the aim of concentrating on the group's core food businesses and disposing of the rest. Other recent divestments include ABM chemicals, sold to RTZ for £30m, and Clarkson Puckle, a Lloyd's broker sold to Inchcape for £42m. Last October, it bought Golden Wonder from Hanson Trust for £82m.

Gold Fields £40m rights to fund Newmont shares

BY NIKKI TAIT

Consolidated Gold Fields, the international mining group, yesterday announced the £40m issue and placing of 4.16m of its own shares at 970p in order to pay for 1.44m new shares in Newmont Mining Corporation, and to maintain its stake in the American-based mining company at 26 per cent.

Gold Fields' action follows a $180m secondary placing by Newmont. The US company has agreed to sell 4m shares at $45 to underwriters with a view to a public offering. The Gold Fields acquisition is in addition to this.

Yesterday, Mr Rudolph Agnew, chairman of Gold Fields said the company was pleased with its investment in Newmont and "by maintaining our interest we demonstrate our close relationship with and continued support for the company."

Earnings per share were reported as 5.7 cents (11.8 cents) on which a final dividend of 1.25 cents is being paid. The total payout for the year is 2 cents—in line with the prospectus commitment.

Organic growth behind profits rise at Drummond

BY ALICE RAWSTHORN

Drummond Group, the wool textiles concern, yesterday announced a 28 per cent increase in pre-tax profits to £1.74m last year on turnover which rose by 12 per cent to £25.95m.

The group, which changed its name from Stroud Riley Drummond a year ago, has expanded rapidly in recent years by diversifying into cloth for women's wear and by staging a series of acquisitions.

Mr Stefan Simmonds, chairman and chief executive, said that the profits increase reflected the group's consolidation and organic growth during the year to March 31. The increase was also fuelled by a reduction in the interest charge —to £396,000 (£606,000) — due to improved cashflow.

During the year the worsted division's new finishing plant came on stream in Bradford. The benefits of this investment should start to filter through in the present year.

The integration of the capacity acquired with Salts has been completed. Drummond also invested in its design resources.

The leisure fabric division returned to profit during the year and will now merge with the bunting business.

Given that Drummond has reinforced its management team Mr Simmons is now intent upon staging further acquisitions. He said that the group had no specific acquisitions in sight, but that it was looking for textile companies in related areas.

Drummond has returned to the ranks of the tax payers, yet its tax is relatively low at £215,000 (credit of £65,000) and should remain low for the next two years.

Fully diluted earnings per share rose modestly to 18.86p (18.55p). The board proposes a final dividend of 2.5p making 3.7p (3p) and intends to stage a one-for-two capitalisation issue.

The group has expressed two legal settlements as an extraordinary item of £590,000.

Mr Simmons described the present state of trading as "buoyant" and expressed confidence in the future.

● comment

The City has been nothing if not patient with the Drummond Group. But that patience is beginning to wear a little thin. No one could quibble with the long term strategy of turning a vulnerable worsted suitings manufacturer into a more broadly based textiles group. But the management team has taken rather longer than either it, or the City, originally expected to effect the changes. Analysts had braced themselves for a pedestrian set of preliminaries; but, stripped of the interest benefit, these pre-tax profits were undeniably disappointing. This combined with sluggish sales and a slip in pre-interest margins to shave 16p off the shares to 210p. With projected profits of £2m, the shares are on a prospective p/e of 9, and the City is likely to wait until the interims before considering a re-rating.

Estates & Agency climbs to £0.63m

Estates & Agency Holdings, a property investment company, reported a substantial increase from £263,541 to £629,962 in pre-tax profits for 1986.

The dividend is unchanged at 3p net, stated earnings per share improved from 4.75p to 7.24p, and net asset value per share was up from 233p to 255p.

Gross rental income was higher at £1.86m compared with £1.51m. Net rents payable and other property outgoings were down from £186,230 to £156,308.

Share of profits of associates was £102,800 against £90,390, and other income was considerably higher at £230,464 (£81,253). Cost of finance and administration was £1.41m (£1.23m). There was a tax charge of £191,909 (£25,392 receivable).

The directors said the profit increase was attributable primarily to the rise in gross rental income resulting from rent review and new lettings.

Strikes at Volex hold back profits growth

By Philip Coggan

STRIKES in the wiring harness division and operating problems caused by two major projects coming on stream simultaneously, restricted pre-tax profits growth to 6 per cent at Volex, the electrical group, in the year to March 31 1987.

After paying corporation tax for the first time for many years, Volex's earnings per share fell 13 per cent to 29.4p (33.8p).

However, second half profits, at £3.3m, were 12 per cent higher than in the previous year and the market was encouraged enough to mark the shares up 12p to 357p.

Orders for new wiring harnesses from Rover and Jaguar caused initial operating difficulties and a two-week strike in that division. But the problems were overcome, and in the second half net margins increased to 9.2 per cent, compared with 6.6 per cent in the first half.

Shortly before the year end, the small electronics division was closed and its remaining activities and equipment transferred to other divisions; there was a small, non-recurring, operating loss of £150,000.

Pre-tax profits were £5.42m (£5.11m) on turnover up 5.3 per cent at £67.82m (£64.41m). The tax charge was £968,000 (nil), and the final dividend was set at 6.7p (6p) making a total of 10p (9p).

● comment

A cynical interpretation of these figures would be that, after years as a recovery stock, Volex has found that growth as a mature company is a lot harder. But the market is obviously less harsh in its judgment than most would assume and news that the tax charge would rise more slowly than expected helped push the shares up 12p to 357p. To be fair to Volex, it would appear that last year's problems are mostly one-offs. Demand for moulded plugs looks set to expand fast and the prospects for some other parts of the group look very good. A full year of stress and strike-free business from Rover and Jaguar and a pick-up in the building sector will help push pre-tax profits to £6.4m this year. That put the prospective p/e at 10.5 and, with the tax charge worry out of the way for two years, this might be the time for Volex to eliminate part of its substantial discount to the sector.

Jas Cropper profit falls to £1.7m

James Cropper, paper manufacturer, reported a slight setback in pre-tax profits from £1.82m to £1.68m in the year to March 28, 1987, despite an improvement from £27.48m to £29.11m in turnover.

The directors warned in the November interim statement that with pulp prices rising very rapidly the second half was unlikely to be as good as the first half. In the event turnover for the period was up by £1.14m to £15.41m, but profits tumbled from £1.29m to £728,000.

The directors said yesterday that there had been an inevitable delay in recovering the extra costs which reduced profits below the record level of last year.

Currently the company had a full order book. Margins were not as good as in 1986 before the explosion in pulp prices. With the further development of higher value grades and increased volume, the company would be seeking to produce better results this year.

Operating profit last year was down from £2.46 in to £2.33m: interest took £649,000 (£638,000) and tax charged was £79,000 (£47,000) leaving earnings per share of 39.6p (44.2p) for a total dividend increased from 2.75p to 3.25p with a final of 2.15p.

A one-for-one scrip issue is also proposed.

Cranswick rise

Cranswick Group, Yorkshire-based manufacturer of high quality pig feed and engaged in the wholesale marketing of pigs and the merchanting of grain, lifted pre-tax profits from £840,000 to £882,000 for the year ended March 31 1987.

Turnover went ahead from £35.6m to £42.2m.

Midsummer secures Riley takeover

By Clay Harris

Midsummer Leisure, the pub, disco and shopfitting group, yesterday secured its £16.4m takeover of Riley Leisure, Britain's leading manufacturer of snooker tables and operator of snooker clubs.

It claimed ownership or acceptances on behalf of more than 60 per cent of Riley's diluted share capital on the first closing date for its offer, which was recommended by all but one of Riley's directors.

With Midsummer shares 7p lower at 408p, its share offer was worth £92.5p against Riley's market price of 89½p, down 1½p. The 82.5p cash alternative has been accepted on behalf of fewer than 130,000 Riley shares so far.

Steven Butler on Valin Pollen's move in global corporate finance

Ambitious leap across the Atlantic

Global corporate finance is now a reality—for investors and for companies raising capital alike.

It is thus perhaps inevitable that the financial public relations companies that specialise in investor relations and have flourished in the multiplicity of mergers and acquisitions in individual markets, would soon follow suit.

Valin Pollen International, the London-based financial PR specialist, last week announced an ambitious leap across the Atlantic in a move toward creating an international network capable of providing investor relations services to clients in any major financial market.

It is ambitious not only because of the aims of the expansion but because Valin Pollen is biting off a company, the Carter Organisation, whose operating income at $22m (£13.7m) is fifth higher than Valin Pollen's, and whose operating profits, at $16.76m, are five times Valin Pollen's.

To pay for the initial price of $51m Valin Pollen is raising funds by placing its own shares at a premium of between 20 to 55 per cent over the price of 290p at which trading was suspended last week. Subsequent payments could bring the final price to $114.6m.

The Carter Organisation, founded and chaired by Mr Donald Carter, is a child of the takeover boom that hit New York in the late 1970s.

Mr Carter started out as a proxy solicitation specialist who unburdened companies of the annual chore of collecting proxy votes from shareholders. When a company came under a hostile bid, Mr Carter found that his ability to communicate directly with a company's shareholders suddenly became extremely valuable.

"The only defence against a hostile bid is a high share price," says Mr Carter, and that requires the cultivation of investor loyalty.

Many companies under threat found they did not know who their shareholders were, why investors held the shares, or what they expected or wanted from the company. Thus began the business of investor relations and market intelligence.

In New York it has proved a high growth business exceptionally good margins, of about 50 per cent for Carter. Investor relations activities account for 66 per cent of the business (most of the rest being proxy solicitation).

Donald Carter (left), founder and head of the Carter Organisation, and Reg Valin, chairman of Valin Pollen

Valin Pollen is a more broadly-based financial public relations company, which has capabilities in advertising, design, and market research—and it earns substantially lower margins. Specialised investor relations activities have grown in two years from nil to account for over 10 per cent of Valin Pollen's income, and a higher proportion of profits.

The logic of Carter and Valin Pollen coming together has received wide praise among analysts and competitors alike. Each group has among its clients a long list of blue chip companies that are international in every sense. With the rapid increase of multiple share listings in markets around the world, investor relations service confined to one market does not cover the ground.

"We have been asked repeatedly by our clients, what are our capabilities worldwide. We always came up short," says Mr Carter.

There is also plainly much that Carter and Valin Pollen can learn from each other, ranging from Carter's more sophisticated market intelligence and investor relations services, to Valin Pollen's broader capabilities in advertising and public relations. Clients will have access to a broader range of services.

If the deal goes through analysts say it could almost immediately catapult Valin Pollen into a company with a market capitalisation of over £100m.

The deal has attracted attention because of the unusual placing of share at a premium. Of the £51m initial payment for Carter, Valin Pollen s paying £50m cash, which is to be raised by the issue of an as yet undetermined number of shares.

The higher the share price, the fewer the shares issued, and consequently the higher the projected earnings per share. If the final share issue price is 400p, Valin Pollen calculates a hypothetical pro forma earnings per share of 26.2p in the 1987-88 financial year, assuming zero growth in profits. This is more than triple Valin Pollen's EPS in the year to the end of October 1986 and explains the rationale for the premium price.

In the end, many factors will affect earnings in the years ahead and James Capel, Valin Pollen's broker, is taking a cautious sounding of institutional investors before fixing the price.

Despite the operational and financial logic of the deal, however, there are still doubters.

Mr Carter is an entrepreneur who built a successful business from scratch, and continued success is seen as dependent on his leadership.

He is selling for a huge sum of cash, inevitably raising questions of whether he is seeking a way out while the going is still good.

Although performance-linked payments will provide further incentive to stay in the three years to come, some doubt he will enjoy playing second fiddle to Valin Pollen chairman Mr Reg Valin, who will run the worldwide operation.

Both men stress the personal relationship and close understanding between them, and Mr Carter says he is excited about participating in building the first global investor relations network.

Valin Pollen is relying on Mr Carter's ability to sell his sincerity to investors during his current visit to the UK. He should do a good job at it. He is, after all, a professional.

The dodgy record for British acquisitions in the US, especially when they depend on the continuing performance of one entrepreneur, gives pause for thought.

There is also the question of the quality of earnings based predominantly on the investor relations business, since they rely on a continuing high level of mergers and acquisitions.

"I would not want to go to bed every night thinking that all my earnings are coming from that activity," says Mr Peter Gummer, chairman of the public relations group Shandwick, who none the less applauds the deal as an excellent move for Valin Pollen.

The regulatory environment in the US is turning against contested bids, where the fees for investor relations work can be astronomical. Any serious downturn in stock markets could also snatch a huge amount from the bottom line.

Still, Mr Valin and Mr Carter do not believe the clock on the mergers and acquisitions, including contested bids, can be turned back now that global deregulation is becoming a reality.

Soundtracs profits up 35% in first six months

Soundtracs, the USM quoted manufacturer of electronic audio equipment, produced a 35 per cent increase to £341,000 (£252,000) in pre-tax profits for the six months to April 30.

Mr R. C. Wells, chairman, said increased exports were achieved in both Europe and the Far East. He was confident the second half would benefit from the new association with AKG Inc in the US.

During the period a further factory unit was acquired facilitating an approximate 100 per cent increase in production capacity.

Turnover in the first half climbed from £1.18m to £1.51m and operating profit was £308,000 (£244,000); interest receivable and other income amounted to £33,000 (£8,000) and tax charge was £119,000 (£103,000) leaving attributable profits of £222,000 (£149,000) for earnings per share of 2.22p (1.86p).

The interim dividend is 0.7p —last year there was a single payment of 1.2p.

Platignum expansion

Platignum, pen manufacturer, announced it was at an advanced stage of negotiations for the acquisition of a company to form part of its stationery division.

The chairman, Mr D. R. Leeming, said in his annual statement that details should be available at the time of the annual meeting. Prospects for the current year were good, and with the addition of extra businesses, the board expected to pay its arrears and restore the preference dividend at the half year.

Sales in the stationery and household divisions were running well above last year's levels, he said, and satisfactory results were expected.

The plastics and engineering divisions were showing smaller increases in sales. But the company expected a year-end contribution from its plastics plant, compared to last year's substantial losses, and an improved contribution from the engineering operation.

KLEINWORT CHARTER Investment Trust raised net asset value per 25p share from 131p to 168.5p over the year ended May 31 1987. For the six months to end-May net earnings totalled £1.04m (£943,000), equal to 1.28p (1.16p) per share. The interim dividend is lifted to 0.875p (0.82p). Board intends to at least maintain 6.7 per cent rate of dividend increase for full year.

SHARE STAKES

THE following share stakes were announced during the past week:

Matthew Hall.—On June 6, director H A Hicks disposed of 1,640,000 ordinary at 195p per share.

Cattle's Holdings.—Director A R Muir has sold 30,000 beneficial shares at 67½p each.

Publishing Holdings.—Director G. Thain idsposed of 165,000, ordinary shares.

Harris Queensway.—The following directors disposed of shares:—D J Stockwell, 150,000 at 242p each and K. J. Elton 71,000 at 242p per share.

Wingate Property Investments. Chase Corporation of New Zealand has, through a subsidiary, purchased 5,943,127 ordinary. The holding is now 44,988,631 ordinary (60.08 per cent).

APPOINTMENTS

Changes at Chase

In a move at CHASE MANHATTAN BANK to integrate the product and marketing capabilities of the entire global bank and bring the London-based investment banking subsidiary closer to the UK and European banking units, **Mr Dennis C. Longwell**, senior vice president, UK country manager, has, in addition, assumed responsibility for The Chase Investment Bank (CIBL).

Mr Chris J. Matlon, senior vice president, has taken over from **Mr Robert D. Hunter**, SVP, as Europe, Africa and Middle East area executive. Mr Matlon's previous post was general manager for the Hong Kong branches of The Chase Manhattan Bank. Mr Hunter is returning to the US to become financial services executive in individual banking.

To further strengthen the integration of investment banking services, **Mr Jose Peman**, country manager, Spain, has been appointed senior managing director of CIBL reporting to Mr Longwell. He will also be responsible to Mr Matlon for investment banking support throughout Europe, Africa and the Middle East.

Mr Thomas Gaffney, formerly president of CIBL, will now be responsible for initiating the bank's new involvement in the LDC debt/equity swap business.

★

From July 1 **Mr David Butcher** and **Mr Peter Sanderson** become joint managing directors of SAVE AND PROSPER FINANCIAL SERVICES. **Mr Ian McCallum** is appointed branch manager of the London branch of Save & Prosper Sales. From September 1 **Mr Julian Tregoning** is appointed chairman of Save & Prosper Financial Services. **Mr John Perceval** moves from chairman of Save & Prosper Financial Services to establish the corporate business division—a new sales division covering larger UK companies.

★

Mr Derek Youngman has been appointed managing director of 600 Group member GCS (STEELS), which has been formed to continue the Group's re-usable steel business following the recent sale of the scrap interests. He is a director of George Cohen Sons & Co.

★

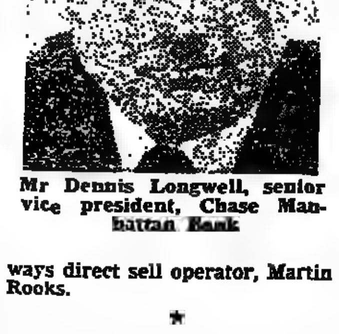
Mr John Drew has been appointed by the EUROPEAN COMMISSION as head of its press and information offices in the UK. He was director of European affairs for Touche Rosse International and director of international affairs for Rank Xerox.

★

Prof Peter Lawrenson has been appointed chief executive, and **Mr Geoffrey Haines** becomes marketing and commercial manager of SWITCHED RELUCTANCE DRIVES.

★

BRITISH AIRWAYS HOLIDAYS has appointed **Mr Ivan Miller** as marketing director with overall responsibility for its Sovereign, Enterprise and Flair brands from July 1. The marketing and sales appointment is a recall to the parent company after more than 10 years as general manager of British Airways direct sell operator, Martin Rooks.



Mr Dennis Longwell, senior vice president, Chase Manhattan Bank

★

Mr Ian Butcher is to succeed **Mr John Page** as group finance director of CHARLES BARKER on July 1. Mr Page will be leaving the company next year to pursue other interests. Mr Butcher is corporate development director of Addison Consultancy Group and was previously group finance director of Michael Page Partnership and Addison Page. Before that he was a director of County Bank and headed County Bank's New York office, where he specialised in capital markets.

★

ST MODWEN PROPERTIES has appointed **Mr Christopher Roshier** as a non-executive director. He is a managing director of merchant bankers Hill Samuel & Co.

TRY US ON FOR SIZE.

20 examples of our commitment and expertise in M & A and LBO financing.

TRANSACTION	TOTAL BANK FINANCING	SCOTIABANK PARTICIPATION
BCI Holdings	$4,100,000,000	Co-managed the leveraged buyout of Beatrice Companies Inc. Provided US$ 276,500,000.
Safeway Stores Holdings Corporation	$3,500,000,000	Acted as a manager in the leveraged buyout of Safeway Stores, Incorporated. Provided US$ 250,000,000.
GWCI Acquisition Corp.	$1,750,000,000	Provided US$ 148,750,000 acquisition financing for the purchase of Group W Cable, Inc.
CSX Corp.	$750,000,000	Provided US$ 250,000,000 backup facility for the acquisition of Sea-Land Corporation.
Container Corporation of America	$700,000,000	Provided US$ 49,000,000 for the acquisition of the common stock of Container Corporation of America by JSC/MS Holdings Inc.
The Hoover Company	$600,000,000	Provided US$ 48,000,000 financing for the acquisition of The Hoover Company by CPAC, Inc. a wholly owned subsidiary of Chicago Pacific Corporation.
Midland-Ross Corporation	$560,000,000	Provided US$ 56,000,000 financing for the leveraged buyout of all the assets of Midland-Ross Corporation.
Uniroyal Goodrich	$525,000,000	Provided US$ 52,500,000 financing for the merger of all the tire and related assets of BF Goodrich and Uniroyal Holdings, Inc.
Armtek Corporation	$314,000,000	Provided US$ 35,000,000 financing for the acquisition of the Worldwide Rubber Products division of Day International (formerly Dayco Corporation).
Interprovincial Pipe Line Limited	$300,000,000	Structured and provided the bank financing of Can$ 300,000,000 toward the acquisition of Home Oil Company Limited.
Sybron Corporation	$235,000,000	Provided US$ 35,250,000 acquisition financing for the leveraged buyout of the common stock of Sybron Corporation.
Pameco Corporation	$200,600,000	Provided US$ 40,000,000 financing for the acquisition of Pameco by MLX Corp. through MCo., Inc.
Phelps Dodge Corporation	$180,000,000	Provided US$ 26,000,000 financing for the acquisition of Columbian Chemicals Company.
Sterling Chemicals, Inc.	$140,000,000	A top tier bank, provided US$ 25,000,000 for the leveraged buyout of certain assets from Monsanto Company.
Ingersoll Newspapers, Inc.	$120,000,000	Provided US$ 35,000,000 acquisition financing for the purchase of a number of newspapers.
Color Tile, Inc.	$115,000,000	Provided US$ 20,000,000 financing for the acquisition of Color Tile, Inc. by General Felt Industries, Inc. and also provided Canadian loans and services.
Varity Corporation	$87,000,000	Provided all the bank financing for the leveraged buyout of Dayton Walther Corporation.
Shearson Union Square Associates Limited Partnership	$70,000,000	Structured and provided the bank financing for the acquisition of the Hyatt on Union Square.
Challenger Electrical Equipment Corp.	Undisclosed	Provided all the bank financing for the acquisition of certain assets of Federal Pacific Electric Company.
Slaight Communications Inc.	Undisclosed	Structured the transaction and provided all the bank financing for the acquisition of Standard Broadcasting Corporation Limited by Slaight Communications Inc.

These transactions took place within the year ending April 1987.

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COMMODITIES AND AGRICULTURE

Cocoa pact to study support price cut

By David Blackwell

THE INTERNATIONAL Cocoa Organisation has called a special council session for July 13 following the buffer stock manager's purchase of 5,000 tonnes of cocoa yesterday, taking the total buffer stock to 75,000 tonens in just over a month.

The purchase helped cocoa prices in London to rise sharply, with the September position adding £29.50 to Friday's price to close at £1,289.50 a tonne.

The special council session, which is expected to last five days, has to be held under the International Cocoa Agreement within 20 working days of the buffer stock reaching 75,000 tonnes. If the council does not decide otherwise, the "must buy" floor price of 1,600 SDRs a tonne will automatically be lowered by 115 SDRs to 1,485 SDRs. The indicator price yesterday was 1,536.87 SDRs a tonne.

Analysts believe that the buffer stock manager should be able to defend the lower level. Ms Bronwen Curtis of Landell Mills Commodities Studies believes, however, that poor weather in Brazil and the Ivory Coast will have more effect on the price than the buffer stock. "The fundamentals have changed," she said.

LONDON METAL EXCHANGE WAREHOUSE STOCKS

(Change during week ended last Friday)

		(tonnes)
Aluminium		
high grade	−25 to	1,500
standard	−4,075 to	94,350
Copper	+1,200 to	109,300
Lead	+200 to	20,450
Nickel	+1,002 to	8,824
Tin	−585 to	27,005
Zinc	−1,175 to	27,275
	(ounces)	
Silver	unchanged at	22,348,000

CEGB orders 300,000 tonnes of foreign coal

BY GERARD McCLOSKEY

THE Central Electricity Generating Board has placed orders for 300,000 tonnes of foreign coal to feed its three Thames-side power stations.

The orders almost all involve coal from El Cerrejon, the new Colombian mine, at extremely low prices.

While neither the suppliers or the CEGB are prepared to talk about the prices, traders indicate about $32 a tonne for the best quality coal offered, and a low of less than $28, cif Rotterdam.

The prices are made all the more attractive because of the high level of sterling against the dollar—the currency of international coal trading.

Last year the CEGB bought a similar tonnage which was landed in the Thames at just over £1 a gigajoule. A combination of lower world prices, higher sterling and lower port and freight charges to bring the coal to the Thames, has reduced this to between 80p and 90p a gigajoule.

In contrast, the minehead price for supplies from British Coal is £1.20 in its cheapest, third tier of pricing. Onward delivery to the Thames brings this tranche of the British Coal contract to nearly twice the price of the cheapest of the latest international offerings.

Altogether the company received more than 30 replies to its inquiry for coal to be delivered to Rotterdam and Zeebrugge this summer for transhipment to the Thames.

The successful bidding companies are Exxon Coal International, Carbocol (the Colombian state coal company)—both offering coal from their El Cerrejon joint venture—and Shell Coal International, offering a blend of El Cerrejon coal and US coals from European stockpiles. Exxon and Carbocol have won orders of about 130,000 tonnes apiece, with Shell supplying the other 40,000 tonnes.

● British Coal announced yesterday that it had won two large long-term contracts in the face of strong competition from other fuel interests, writes Max Wilkinson.

Caledonian Paper, owned by Kymmene of Finland has signed a five-year agreement to buy 175,000 tonnes of Ayrshire opencast coal for its new paper mill at Irvine in Scotland. In a separate seven-year deal, British Coal is to supply Guinness, the brewer, with more than 20,000 tonnes a year of Nottinghamshire coal for the Park Royal brewery in London.

The Caledonian mill being built for £200m to use Scottish timber, will become the biggest of its kind in Scotland and the country's second largest consumer of electricity. British Coal yesterday refused to disclose the price of the contracts. However, it seems likely that over a five-year period they average at about £40 per tonne in current prices, though is of higher quality than power station coal. British Coal may have been able to charge some premium for long-term security of supply, and has an advantage in being closer to the point of consumption.

Brazil predicts bumper coffee crop

BY ANN CHARTERS IN SAO PAULO

THE BRAZILIAN Coffee Institute released its estimate for the 1987-88 coffee year on Friday with the harvest projected at 35.2m bags (60 kilos each), the third highest in Brazil's history. The IBC spokesman, Mr Jose Rodriques, said that the estimated was based on a sampling of 4,000 properties in five states and could vary 5 per cent in either direction.

Of the total, Group I coffees, Arabicas, represent 76 per cent at 26.8m bags. Group II coffees are calculated at 6.32m bags and Conillon, a Robusta type, at 2.08m bags. The projection is necessarily an estimate given a reduced number of field surveys, but the trade indicated that the number is reasonable.

Major production comes from the states of Minas Gerais and Sao Paulo, with each contributing 10.7m bags, followed by Parana, with 7.4m.

Traders expect Brazil to export 19m bags of this harvest. The IBC declined to give a firm figure, but indicated that Brazil would be "competitive," exporting more than its historic average.

Up to June 17, exports totalled 7.5m bags, including 6.9m in green coffee and 6000,000 bags in soluable coffee. Total export registrations stand at 10.5m with 3m bags still to be shipped technically before the end of June, although an extension is likely. Market sources claim 2m bags are "called" sales still in search of buyers.

Despite a series of meetings between the private sector and the IBC, no final decision has been reached on the minimum support price for coffee in the new crop year beginning July 1. The representative National Coffee Council has proposed a gross price of Cr 3,700, about US$88 per bag, but Mr Rodrigues said that the final support price, net of domestic charges, cannot be higher than the current international price.

A final decision will be taken after consultation with a newly-created economic commisssion charged with imposing austerity on government accounts and based on funds available for purchase of additional stocks.

The IBC currently holds 6.5m bags as stock from the past crop, while an estimated 800,000 to 1m bags are in private hands.

A thankless job changes hands

FARMER'S VIEWPOINT

By John Cherrington

MR MICHAEL JOPLING'S departure from the post of Minister of Agricuuture had been generally expected—indeed it was welcomed by those farmers who considered that he had not fought sufficiently hard for their interests, either in the UK cabinet or in Brussels.

That was rather an unfair judgment, however, on a man whose only sin was to accept a job carrying the responsibilities of office without the power to influence policies effectively.

EC farm policy is decided in the Council of Ministers, where the British representative is usually in a minority. The British can protest and do their best to block unfavourable moves but in the end, in the so-called interest of European unity they have to conform.

It seemed to me, however, that Mr Jopling had little understanding of, or sympathy with, European farmers. That is a fault of most in the UK farming establishment, who are the survivors of the structural changes which resulted in Britain having the largest farms in Western Europe. This has made for a great advantages of scale but little political clout.

Governments of countries like France and West Germany are keen to ensure the survival of their rural populations as part of the social structure. Farmers are conscious of this and reinforce their stance by political and physical pressure by demonstrations. This attitude seems to be supported by the urban populations as well.

Mr Alfonsin has been accompanied by a high-powered delegation, including Mr Dante Caputo, the Foreign Minister, Mr Juan Sourouille, the Economy Minister, and Mr Theodore Gildred, the US ambassador in Buenos Aires.

The envoy, who has been the prime mover of the tour, said at the weekend that the US wishes to see "important issues" regarding the islands being dealt with "this year."

Mr Caputo is to travel to Washington and New York this week, when he is due to meet Mr Robert Gelbard, the US Deputy Assistant Secretary of State for South America, Mr Javier Perez de Cuellar, the UN Secretary-General, and the Argentine delegation at the UN. He may also meet Mr George Shultz, US Secretary of State, although Mr Gildred told journalists in Los Angeles, "this is still not certain."

It was bad luck for Mr Jopling that, fairly soon after his appointment, he was forced to accept the imposition of EC quota controls on milk production. That came as a severe shock to British dairy farmers and was a palpable defeat for Mr Jopling, who had argued loudly in favour of price restraint as a means of curbing excess production.

It soon became clear that transferable quotas were valuable assets and other farmers began to envy their dairying colleagues. That did little to raise Mr Jopling's stock within the farming community, however, as he was well known to have resisted the introduction of quotas in the first place.

During his term of office Mr Jopling also had to initiate swingeing cuts in the advisory services and the research councils. These could be justified, of course, by the fact that there is little point in teaching farmers to produce more at a time when almost everything sold off farms are in surplus; but they did not leave him with many friends in farming and advisory circles though.

He then displayed a degree of naiveté unusual in a politician of his experience in trying to assuage farmers' anger at the trend of policy by suggesting alternative uses of farm land, particularly for building houses and industrial development. This brought the anger of the environment lobby to the extent that it became a political liability and he had to backtrack smartly.

He is leaving office a failure in political terms, without honour and unsung. But then, except in time of war, so have most of his predeccessors.

Mr John MacGregor, who takes his place, has been Secretary of State for Agriculture in the past and has spent the last two years at the Treasury. So far he has been rather economical with news of his policy changes or of his brief from the cabinet. He has claimed a knowledge of farming problems through his Norfolk constituency and he has promised, as Mr Jopling did to fight what they both call discrimination against British farmers in the Council of Ministers.

This is a reflection of a Community trend to take more notice of the social impact of decisions. Some of the ministers feel that support for farmers should be via direct payments to individuals and not through price support. For instance there is a proposal that a headage payment system for cattle and breeding ewes should be limited to a certain number per flock or herd. As Britain has the largest herds British farmers would suffer most.

It is almost certain that Mr MacGregor's main brief will be to see what can be done to bring order into the chaos of the European budget, which is set for a shortfall of about 6bn European currency units (£4.2bn). So far the only solution proposed is an eventual increase in the contributions of member states. This is a matter of major interest to the British Treasury as the deficit is partly funded by national funds. For instance costs of intervention purchases are not refunded until the product has finally been disposed of.

The budget could soon bring the new minister acute problems. There is a threat that, should the money run out, payments for subsidies could be much delayed. Some countries, notably West Germany, would probably pay them out to farmers and recoup the cost later. Would the British Government be prepared to do this? Then again, with the price fixing still not completed the first cereal crops are already being harvested in Southern Europe. Britain's harvest is due to start in about three weeks.

Then there is the problem of monetary instability. Will Mr MacGregor be persuaded to devalue the green pound and so raise UK farm prices, thus undoing much of the financial discipline which he has been trying to impose?

There is plenty of scope for disagreement between the new minister and his farmers, and between Britain and its Community partners, on the basic differences between members' agricultural systems. These differences, it seems to me, are beyond any rational solution. One can only wish Mr MacGregor the best of luck in an impossible job.

Japanese investors go for gold

BY STEFAN WAGSTYL IN VENICE

FT CONFERENCE

Gold

JAPANESE INVESTORS, who last year bought nearly half of the world's supply of newly-mined gold, would continue to be important purchasers of bullion, an international gold conference heard yesterday.

Mr Akio Imamura, general manager of the precious metals department of Sumitomo, the financial and industrial group, said that while Japanese investment demand had been abnormally high in 1986—due to the strong appreciation of the yen last year—the importance of the Japanese gold market in the world would become "bigger and bigger" keeping pace with a growth of interest in gold in Japan.

Mr Imamura told more than 300 people attending a conference in Venice organised by the Financial Times that there had recently been a significant change in Japanese investors buying habits. Previously Japanese investors had bought gold after a decline in prices where as European and North American investors normally bought bullion when prices began to rise.

In March, April and May this year, however, domestic Japanese demand had been good despite an increase in the yen price of gold. Japan imported 26 tonnes of gold in April and 51 tonnes in May—against 28 tonnes in the whole of the first quarter. This compared with the 608 tonnes imported last year when, exceptionally, 180 tonnes were used in the issue of bullion coins to mark the 60th anniversary of the reign of Emperor Hiro Hito, said Mr Imamura.

Mr Tim Green, a consultant for Consolidated Gold Fields, the mining group, emphasised the importance of investment demand at a time when gold production was rising. He said the proportion of newly mined gold used in jewellery, traditionally the most significant market, had fallen from 65 per cent in the 1970s to 51 per cent in the 1980s and 49 per cent last year.

As a result the jewellery industry was having to run very hard just to stand still, said Mr Green. The best potential for gold producers lay in developing the investment market.

Mr Robert Guy chairman of the London Gold Market, commented on regulatory reforms currently being carried out in London. These involve the publishing—next month—of a Code of Conduct for the bullion market by the Bank of England and the creation of a trade association to be known as the London Bullion Market Association. Mr Guy said one of the objectives of the Association would be to "encourage a greater number of market makers" who could reduce volatility and increase liquidity.

Mr Urs Seiler, first vice-president of Union Bank of Switzerland, told the conference that Europe was facing up to the challenge of the growth in trading of gold futures and other instruments, as distinct from dealing in physical bullion, the traditional activity of the Swiss banks. Suggestions that Zurich bankers had been complacent touched a sore spot, said Mr Seiler, referring to the success of rivals elsewhere in developing new areas of the market.

LONDON MARKETS

COFFEE PRICES on the London futures market resumed their downward course yesterday under the influence of continuing mild Brazilian weather and a forecast of a bumper Brazilian crop. As the fall triggered speculative liquidation and stop-loss selling the September position dipped to £1,225 a tonne at one time. A late rally left September coffee at £1,242.50 a tonne, down £14 on the day—the lowest second-position close since September, 1982. In the London market the Brazilian Coffee Institute's forecast of a 35.2m bags crop for 1987/88 was greeted with surprise and not a little suspicion. It was surprising because it was more or less in line with a recent forecast by the US Department of Agriculture, whereas institute projections are usually a couple of million bags below the USDA's. And this gave rise to suspicion that the Brazilian's might be trying to "talk the market down"

ALUMINIUM

99.7% purity	Unofficial (close p.m.) $ per tonne	+ or −	High/Low
Cash	—	—	—
3 months	1575-7	−5	—

Official closing (am) Cash —— (777——). three months 1573-5 (1579-81), settlement —— (——). Final Kerb close: 1573-8. Turnover: 150 tonnes.

99.5% purity	£ per tonne		
Cash	933-5	+7.5	928/927
3 months	920-1	+7	922/914

Official closing (am) Cash: 926.5-7 (919-20). three months 913-3.5 (906-7). settlement 927 (920). Final Kerb close: 920-1. Turnover: 9,800 tonnes.

COPPER

Grade A	Unoffic'l close £ per tonne	+ or −	High/Low
Cash	959-60	−6	956/954
3 months	954.5-5	−0.75	961.5/947

Official closing (am): Cash 955-6 (958-60). three months 948-8 (948-9). settlement 956 (960). Final Kerb close: 951-2.

Standard			
Cash	955-60	−2.5	—
3 months	940-5	+6.5	—

Official closing (am): Cash 945-50 (953-5), three months 930-4 (928-9). settlement 950 (960). US Producer prices 74-76.50 cents per pound. Total turnover: 28,400 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	377-9	+2.5	379
3 months	362-2.5	+5	364/359

Official closing (am): Cash 378-9 (375-6). three months 361-2 (358-7). settlement 379 (376). Final Kerb close: 361-1.5. Turnover: 3,900 tonnes. US Spot: 24-37 cents per pound.

NICKEL

	Unofficial close (p.m.) £per tonne	+ or −	High/Low
Cash	2820-5	−5	—
3 months	2855-60	−10	2860/2845

Official closing (am): Cash 2800-10 (2800-5). three months 2852-5 (2840-5). settlement 2810 (2805). Final Kerb close: 2850-60. Turnover: 558 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	533-5	+9.5	—
3 months	519-20	+15	522/512

Official closing (am): Cash 536-6 (533-5). three months 516-6.5 (511.5-12). settlement 536 (535). Final Kerb close: 519-20. Turnover: 10,350 tonnes. US Prime Western: 47.50-48.50 cents per pound.

TIN

KUALA LUMPUR TIN MARKET: Close 16.50 (16.62) ringgit per kg. Down 0.12 ringgit per kg.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.		Puts Nov.	
Aluminium 99.7%	—	—		—	
	—	—		—	
	—	—		—	
		July	Sept.	July	Sept.
Aluminium 99.5%	1,475	—	40	19½	60
	1,500	28½	31	31	63½
	1,525	18	23	—	—
Copper (Grade A)	1,500	—	—	19	38
	1,525	31	41	30	50
	1,550	20	33	—	—
	£/tonne				
Copper (Grade A)	925	—	—	5	15
	950	25	28½	13	24½
	975	11	17½	—	—

Estimates.

GOLD

GOLD BULLION (fine ounce)	June 22	
Close	$437¼-438¼	(£273¾-274¼)
Opening	$443-443½	(£276¼-276¾)
M'n'g fix	$443.60	(£275.442)
Aft'n'n fix	$438.00	(£273.750)
Day's high	—	—
Day's low	—	—

GOLD AND PLATINUM COINS		
Am Eagle	$450-455	(£282¼-285½)
Maple leaf	$451-454	(£282¾-284¾)
Kr'g'r'nd	$437-440	(£274¼-276)
½ Krug	$230-231	(£144¼-144¾)
¼ Krug	$115¾-116¾	(£72½-73¼)
Angel	$448½-451½	(£281¼-283¼)
1/10 Angel	$44¼-49¼	(£27¾-30¾)
New Sov.	$103-104	(£64½-65¼)
Old Sov.	$103-104½	(£64½-65½)
Noble Plat	$579-589	(£363¼-369½)

SILVER

Silver was fixed 25.75p an ounce lower for spot delivery in the London bullion market yesterday at 435.05p. US cent equivalents of the fixing levels were spot 700c, down 50.2c; three-month 712.5c, down 51.1c; six-month 725.25c, down 52.2c; and 12-month 761.9c, down 53.9c. The metal opened at 431-434p (694-698c) and closed at 424-427p (675-683c).

SILVER per troy oz	Bullion Fixing price	+ or −	L.M.E. p.m. Unoff'cl	+ or −
Spot	435.05p	−25.7	425p	−33
3 months	444.95p	−25.2	435p	−33
6 months	453.00p	−25.5	—	—
12 months	474.75p	−27.1	—	—

LME—Turnover: 0 (2) lots of 10,000 oz.

Three month final kerb 437-40p.

INDICES

REUTERS

June 19	June 18	M'th ago	Year ago
1599.4	1604.7	—	—

(Base: September 18 1931=100)

DOW JONES

Dow Jones	June 19	June 18	M'th ago	Year ago
Spot	130.37	130.05	—	126.07
Fut	135.29	136.56	—	115.19

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	June 22 1987	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1500/1510	−5	$1520/540
Copper			
Cash Grade A	£959.5	−6	£918.5
3 months	£954.75	−0.75	£896.5
Gold Troy oz	$438	−11.5	$465.25
Lead Cash	£378	+2.5	£397.5
3 months	£362.25	+5	£375.12
Nickel			
Free Mkt.	204/224c	−8	194/214c
Palladium oz	$136.00	−5.5	$147.50
Platinum oz	$552.00	−15.5	$605.00
Quicksilver†	$240/250	−10	$260/270
Silver troy oz.	435.05p	−25.75	534.95p
3 months	444.95p	−25.25	546.40p
Tin			
free Mkt.	£4180/190	+30	£4120/140
Tungsten	$58.16		$51.47
Wolfram 22.04lb	$48/55		$48/55
Zinc	£534	+9.5	£495.5
3 months	£519.5	+15	£490.5
producers	$860		$790/840
OILS			
Coconut (Phil)	$465z		$420
Palm Malayan	‡		$347.5
Seeds			
Copra (Phil)	$295y		$285
Soyabean (U.S.)	$159.5	−1	$149.5
GRAINS			
Barley Fut. Sept	£95.80	−0.25	£97.90
Maize	£155.00		£149.00
Wheat Fut. Sept	£98.80	−0.45	£121.75
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Sept	£1289.5	+29.5	£1259
Coffee Ft. Sept	£1242.5	−14	£1362.5
Cotton A Ind.*	80.95c	−0.3	79.70c
Gas Oil Aug.	$158.5		$154.5
Rubber (kilo)	68.25p		62.75p
Sugar (raw)	$172x	+0.5	$178.5
Wooltops 64s	470p kilo	+5	465p kilo

‡ Unquoted. † Per 76-lb flask. c Cents a pound. * Cotton outlook. v July. z June/July. x July/Aug. y Aug.

COFFEE

Commission house sell stops drove the market to new lows in moderate volumes, reports Drexel Burnham Lambert. By early afternoon robustas had lost up to £30 from Friday's close and only the strength of the US dollar prevented further losses. Afternoon currency fluctuations steadied prices, which ended £30 off the lows. Physical activity was light with sporadic price-fixing.

COFFEE	Yesterday close	+ or −	Business done
July	1220-1222	−16.0	1240-1205
Sept.	1241-1244	−14.0	1258-1225
Nov.	1261-1262	−20.0	1275-1245
Jan	1285-1288	−13.5	1300-1270
Mar.	1310-1315	−17.5	1330-1291
May	1315-1325	−30.0	1349-1320
July	1330-1350	−20.0	1370-1345

Sales: lots of 5 tonnes.

ICO INDICATOR PRICES (US cents per pound) for June 19: Comp. daily 1979 97.72 (98.19); 15-day average 103.54 (104.38).

COCOA

The market gained £25-£35 during relatively active trading. The reaction was technically inspired, with commission house buying and manufacturer price-fixing evident. Sterling weakness was also a factor. Origins showed token interest, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or −	Business done
July	1305-1306	+34.5	1305-1288
Sept.	1289-1290	+29.5	1292-1262
Dec.	1316-1317	+32.0	1315-1289
March	1335-1336	+32.5	1337-1310
May	1354-1356	+34.5	1354-1333
July	1370-1373	+33.0	1372-1350
Sept.	1387-1390	+30.0	1389-1373

Sales: 6,049 (2,381) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for June 22: 1571.10 (1549.12); 10-day average for June 23: 1536.87 (1530.91).

FREIGHT FUTURES

Following the break of technical support on Friday, selling entered the market after an opening of as much as 10 points lower. The major routes were trading virtually unchanged but the BFI was announced lower again which prompted further selling during the afternoon, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
July	830	830/820	836
Oct.	896	910/894	920/930
Jan.	908	910/900	918/930
Apr.	975	—	970
July	820	—	825
Oct.	875	—	875
Jan.	860	—	910
April	—	—	1060
BFI.	929	—	938

Turnover: 301 (225).

GRAINS

LONDON GRAINS—Wheat: US dark northern spring no. 2 14 per cent July 94.25, August/Sept 94.50. US no. 2 soft red winter July 86.50, August 88.00, Sept 89.75. French 11½-12 per cent June 143.00. English feed for Sept 101.00-101.75, Oct 103.00-104.00, Nov 104.00-105.50 buyer/sellers. Jan/March 109.50 seller. Maize: US no. 3 yellow/French transhipment east coast spot 155.00. Barley: English feed fob August 97.25 seller, Sept 98.50-99.50, Oct/Dec 103.00-104.00 buyer/sellers.

Old crop wheat rose fractionally on consumer short-covering. New crops saw little support in early trading, reaching 40-50p down before finding keen shipper/broker buying interest, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close	+ or −	BARLEY Yest'rdy's close	+ or −
July	116.90	+0.15	—	—
Sep.	98.60	−0.45	95.80	−0.25
Nov.	101.10	−0.55	98.65	−0.20
Jan.	103.70	−0.45	101.05	−0.85
Mar.	105.00	−0.40	103.15	−0.15
May	108.70	−0.50	105.25	−0.15
July	110.80	−0.80	—	—

Business done—Wheat: July 118.85-8.65, Sept 99.90-9.80, Nov 101.35-0.95, Jan 103.95-3.70, March 106.20-6.00, May 109.00-8.65. Sales: 187 lots of 100 tonnes. Barley: Sept untraded, Nov 98.65-8.40, Jan 101.05-1.00, March 103.00, May 105.20. Sales: 57 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: E Mids 101.30. The UK monetary coefficient for the week beginning Monday June 29 (based on HGCA calculations using 4 days' exchange rates) is expected to remain unchanged.

US MARKETS

THE strengthening dollar continued to weigh on the precious metals markets, reports Drexel Burnham Lambert. Trade, commission house and local selling kept gold, silver and platinum on the defensive for most of the day, pressure that was only alleviated by periodic short-covering rallies. In copper liquidation in the July position coupled with light trade selling depressed prices despite good fund-type support. Crude oil steadied on trade, commission house and producer buying, though local selling and trade profit-taking pared gains. Trade and early arbitrage selling was insufficient to prevent cocoa from rallying on good commission house and speculative buying. Cotton fell on commission house liquidation in July despite trade scale-down buying. Sugar eased initially on commission selling before trade buying prompted short-covering in the face of trade scale-up selling. In the grains and soyabean complex the influence of better-than-expected rainfall over the weekend prompted further heavy liquidation which brought some new crop contracts to limit-down. Wheat futures also weakened in sympathy, but the delay to the harvest as a result of the rains compensated, slightely. Cattle futures were higher on a combination of firmer cash prices, good movement and a report by the USDA that remaining numbers of cattle in the buy-out programme were lower than expected. Hogs and pork bellies were sharply lower as traders anticipated an increase of available hogs and thus, weaker cash prices.

NEW YORK

ALUMINIUM 40,000 lb. cents/lb

	Close	Prev	High	Low
June	72.75	72.55	—	—
July	72.75	72.55	72.75	72.55
August	71.85	71.70	—	—
Sept	71.60	71.50	71.75	71.55
Dec	70.75	70.90	—	—
Jan	70.75	70.50	—	—
March	70.75	70.80	—	—
May	70.75	70.80	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
July	1916	1896	1925	1907
Sept	1928	1907	1935	1914
Dec	1952	1915	1964	1952
March	1973	1948	1972	1965
May	2000	1975	1985	1980
July	2026	2003	—	—
Sept	2046	2026	—	—

COFFEE "C" 37,500lb, cents/lb

	Close	Prev	High	Low
July	102.28	103.75	102.80	100.75
Sept	103.82	105.73	106.90	102.70
Dec	106.33	108.08	107.25	105.80
March	109.00	110.75	109.75	108.80
May	110.80	112.05	111.00	110.00
July	112.50	114.05	113.50	112.50
Sept	116.33	116.01	116.60	115.00

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
June	68.10	68.55	68.75	68.15
July	68.10	68.55	68.65	67.65
August	67.85	68.30	—	—
Sept	67.80	68.05	68.20	67.00
Dec	67.25	67.45	67.60	67.05
Jan	67.15	67.35	—	—
March	66.95	67.15	67.40	66.80
May	67.00	67.20	67.36	66.80
July	67.05	67.20	67.00	66.85
Sept	67.10	67.25	—	—

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
June	436.9	445.0	445.0	434.0
July	437.7	446.8	434.5	434.5
August	440.8	448.7	446.8	437.6
Oct	445.6	464.0	451.5	442.6
Dec	450.8	459.3	457.5	447.7
Feb	456.1	464.9	460.0	453.0
April	461.8	470.6	468.5	459.5
June	467.1	476.5	474.5	466.0
August	473.0	482.7	479.0	474.0
Oct	479.0	489.0	485.5	478.0
Dec	485.0	495.3	490.0	482.0
Feb	491.1	501.7	498.4	489.5

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
July	6.62	6.41	6.65	6.54
Sept	6.74	6.79	6.78	6.78
Oct	6.96	6.85	6.98	6.57
Jan	7.21	7.18	—	—
March	7.38	7.41	7.40	7.31
May	7.52	7.55	7.48	7.49
July	7.63	7.88	7.63	7.60
Oct	7.81	7.84	7.80	7.74

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
July	74.40	76.23	76.00	74.23
Oct	70.87	72.65	72.13	70.65
Dec	69.37	71.13	70.45	69.20
March	70.12	71.87	71.30	—
May	70.47	72.45	71.50	71.00
July	71.01	72.50	71.90	71.00
Oct	65.75	66.85	66.40	65.85

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
July	20.45	20.66	20.95	20.45
August	19.78	20.00	20.09	19.75
Sept	19.56	19.75	19.83	19.55
Oct	19.41	19.62	19.72	19.41
Nov	19.38	19.54	19.62	19.36
Dec	19.28	19.46	19.52	19.23
Jan	19.31	19.41	19.47	19.30
Feb	19.30	19.36	19.42	19.30
March	19.42	19.31	19.28	19.28
April	19.40	19.26	19.35	19.28

HEATING OIL 42,000 U Sgallons, cents/US gallons

	Latest	Prev	High	Low
July	51.50	52.52	52.70	51.50
August	51.80	52.98	53.15	51.80
Sept	52.50	53.61	53.80	52.50
Oct	53.70	54.31	54.50	53.75
Nov	54.85	54.98	55.15	54.85
Dec	55.00	55.65	55.80	55.00
March	54.25	54.45	54.30	53.80
April	53.00	53.65	—	—

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
July	134.30	134.90	135.20	134.30
Sept	125.95	126.75	126.40	125.50
Nov	122.00	121.90	122.00	120.55
Jan	120.80	121.00	121.50	120.50
March	120.20	120.80	120.50	—
May	120.10	120.30	—	—
July	120.10	121.00	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
July	552.0	567.1	562.5	543.0
Oct	559.8	575.1	567.0	550.5
Jan	567.6	582.9	573.0	558.0
April	574.7	589.9	580.0	570.0
July	582.0	597.2	584.0	574.0

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
June	671.0	715.8	675.0	675.0
July	672.0	717.0	708.0	660.0
August	676.5	721.8	698.0	687.0
Sept	681.7	726.9	716.0	670.0
Dec	694.3	741.0	732.0	685.0
Jan	693.7	745.9	—	—
March	707.6	755.6	746.0	702.0
May	716.9	765.7	751.0	719.0
July	726.8	776.1	767.0	725.0

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	Prev	High	Low
Aug	64.25	63.62	64.50	63.80
Oct	61.90	61.67	62.30	61.67
Dec	63.70	63.62	64.17	63.50
Feb	64.40	64.62	65.00	64.25
April	66.05	66.20	66.45	64.65
June	64.05	64.60	64.75	64.00

LIVE HOGS 30,000 lbs, cents/lb

	Close	Prev	High	Low
July	58.50	59.22	60.17	59.00
Aug	53.57	54.62	55.57	53.25
Oct	44.90	45.27	45.80	44.30
Dec	44.82	45.40	45.75	44.40
Feb	43.20	44.05	44.45	43.15
April	40.90	41.50	41.60	40.90
June	42.70	42.90	42.95	42.00
July	42.90	42.85	43.40	42.50
Aug	42.40	—	43.00	42.40

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	Prev	High	Low
July	182.6	192.2	186.4	182.4
Sept	188.4	198.4	194.4	188.4
Dec	196.4	206.4	—	196.4
March	204.0	214.0	207.4	204.0
May	207.0	217.0	210.4	207.0
July	208.0	218.0	211.0	208.0
Sept	206.0	216.0	209.4	206.0

PORK BELLIES 38,000 lbs, cents/lb

	Close	Prev	High	Low
July	77.12	78.87	79.80	76.87
Aug	73.92	75.72	76.47	73.72
Feb	60.60	62.15	62.42	60.40
March	60.07	61.40	61.80	60.07
May	62.00	62.70	62.60	62.00

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
July	534.0	563.4	560.0	533.4
Aug	538.6	568.6	557.0	538.6
Sept	544.2	574.2	569.0	544.2
Nov	552.4	582.4	570.0	552.4
Jan	562.0	592.0	576.0	562.0
March	570.0	600.0	583.4	570.0
May	579.0	609.0	583.4	579.0
July	580.0	610.0	584.0	580.0
Aug	576.0	606.0	576.0	576.0

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
July	168.1	177.7	173.5	167.7
Aug	167.3	177.2	173.5	167.2
Sept	168.0	178.0	171.0	168.0
Oct	168.2	178.2	172.0	168.2
Dec	170.2	180.2	174.0	170.2
Jan	171.0	181.0	174.0	171.0
March	174.0	184.0	176.0	174.0
May	173.0	183.0	174.0	173.0
July	173.5	183.5	173.6	173.5
Aug	173.0	183.0	—	173.0

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	Prev	High	Low
July	15.94	16.64	16.43	15.70
Aug	16.17	16.84	16.58	15.90
Sept	16.32	17.04	16.75	16.10
Oct	16.53	17.24	16.90	16.35
Dec	16.80	17.57	17.20	16.58
Jan	16.90	17.65	17.15	16.90
March	17.27	17.95	17.70	17.24
May	17.50	18.20	17.80	17.50
July	17.80	18.45	18.20	17.75

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
July	260.4	263.6	263.2	257.0
Sept	266.4	270.2	270.0	264.0
Dec	275.6	278.2	278.2	272.0
March	277.0	280.2	280.4	275.4
May	272.4	278.0	275.4	272.4
July	262.4	267.0	267.0	261.4

SPOT PRICES: Chicago loose lard 15.00 (same) cents per pound. Handy and Harman silver bullion 684.5 (730.0) cents per troy ounce. New York tin 308-14 (310-15) cents per pound.

POTATOES

The prospect of improved weather towards the end of the week led to a bout of profit-taking selling. Values opened 90p down, basis April, and came under continuous pressure to close at the day's lows, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov	93.60	94.50	93.50-92.70
Feb.	103.00	100.00	103.00
Apr.	132.90	134.90	134.00-132.50
May	145.50	147.00	146.00

Sales: 424 (668) lots of 40 tonnes.

OIL

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.25-17.30	−0.05
Brent Blend	19.05-19.15	+0.075
W.T.I. (1pm est)	20.75-20.80	+0.20
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe		
Prompt delivery cif ($ per tonne)		
Premium gasoline	196-199	−1
Gas Oil	155-157	—
Heavy fuel Oil	107-108	—
Naphtha	169-171	—

Petroleum Argus estimates.

SOYABEAN MEAL

	Yesterd'ys close £ per tonne	+ or −	Business done
June	—	—	—
August	131.5-132.5	−3.85	136.0-131.0
October	131.5-132.0	−4.85	133.5
Dec.	132.5-133.0	−5.00	137.5-134.5
Feb	138.0-138.0	−5.75	—
April	136.0-138.0	−5.80	—
June	135.0-138.0	−4.75	—

Sales: 376 (542) lots of 20 tonnes.

TEA

There were 29,768 packages on offer at the London tea auctions, including 2,600 packages in the offshore section, reports the Tea Brokers' Association. Demand was selective but more widespread. Assams attracted increased competition with a few of the better lines fully firm to dearer. Bangladesh teas met limited support and lost 3p-5p when sold. Bright liquoring East Africans were dearer, sometimes appreciably so. Medium quality sorts proved irregular and plain teas generally easier. Ceylons met better demand at firm to dearer rates, other than the plainest descriptions. Offshore teas sold more readily with prices fully firm and often dearer. Quotations: quality 148p a kg nominal (142p); medium 98p a kg (95p); low medium 50p a kg (52p).

SUGAR

LONDON DAILY PRICE—Raw sugar $172.00 (£107.00), up 60c (up £1.50) a tonne for July-August delivery. White sugar $180.80, down $2.20.

PARIS—(FFr per tonne): August 1106-1110, Oct 1135-1139, Dec 1150-1165, March 1200-1209, May 1230-1244, August 1270-1280.

No. 6 Contract	Yest'rdy's close	Previous close	Business done
	$ per tonne		
Aug	150.4-150.6	150.2-152.0	157.6-148.6
Oct.	155.4-155.6	156.8-157.0	154.6-154.4
Dec	156.4-156.6	161.0-162.0	—
Mar.	164.8-165.4	165.8-166.0	168.4-166.6
May	167.8-168.6	168.4-168.6	165.2-163.8
Aug	171.0-172.6	171.4-172.8	—
Oct	175.0-174.4	174.0-175.6	—

Sales: 1,978 (1,410) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £211.00 (£209.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for June 19: Daily price 6.52 (6.50); 15-day average 6.42 (same).

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or −	Business done
July	156.50	−0.25	157.80-55.75
Aug	158.50	—	158.25-58.25
Sept	160.75	—	161.50-60.00
Oct	163.00	—	165.50-62.25
Nov	164.75	—	—

Turnover: 788 (977) lots of 100 tonnes.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Pound continues to fall

STERLING FELL quite sharply in currency markets yesterday, finishing at its worst level against he dollar for three months as investors continued to register their disappointment at the lack of demand after the election.

The Bank of England was probably in the market attempting to smooth the pound's decline but only in a very modest way as the pound fell below $1.60. The weaker trend was exacerbated by an improvement in the dollar and funds were progressively switched into the US unit as it threatened to breakthrough recent resistance levels.

News that UK first quarter GDP had risen by 1.3 per cent to give a year on year rise of 3.3 per cent *failed to reverse the bearish trend* and while economic fundamentals remained generally favourable, market sentiment remained bearish.

Consequently the pound's exchange rate index fell to 71.8 from 72.2 at the opening and 72.5 on Friday.

Against the dollar sterling fell to $1.5945 from $1.6160 and was lower agaist the D-Mark at DM 2.9350 compared with DM 2.9575. In yen terms it slipped to Y232.50 from Y234.5. Elsewhere it finished a SFr 2.4375 down from SFr 2.4550 and FFr 9.7825 compared with FFr 9.8725.

The dollar attracted sufficient demand to break through its recent ceiling of DM 1.8330 and traders became more optimistic about th chances of moving firmer still. However the opening levels turned out to be the day's higs *until late in the day* when the dollar broke through DM 1.84 to touch a high of 1.8420. It came back a little to close and although finishing towards the best level of the day, the US unit was still lacking any real motivation.

The dollar closed at DM 1.8400 up DM 1.8295 and Y14.80 compared with Y145.05. Elsewhere t rose to SFr 1.5290 from SFr 1.5200 *and FFr 6.1350 from FFr 6.11. On* Bank of England figures, the dollar's exchange rate index rose from 102.2 to 102.5.

The latest improvement gave further substance to claims that the dollar had found its base but some traders were uncertain about the dollar's prospects, pointing out that any progress on reducing the trade and budget deficits was still painfully slow.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. May average 1.7887. Exchange rate index 146.4 against 147.8 six months ago.

There was no intervention by the Bundesbank at yesterday's fix*ing in Frankfurt when the dollar* was fixed at DM 1.8353 from DM 1.8238 on Friday.

In the absence of any fresh economic data, the dollar's fortunes were linked closely to chart interpretations. *These suggested* that the dollar could summon enough support to push it higher still but underlying economic trends remained far from encouraging and the possibility of a turnaround by the dollar could *be easily* achieved. Analysts pointed to the better than expected first quarter GNP figures which masked a build up of inventories and not an increase in demand.

***JAPANESE YEN*—Trading range against the dollar in 1987 is 159.45 to 138.35. May average 140.55. Exchange rate index 219.9 against 211.3 six months ago.**

Trading was subdued in Tokyo with the dollar moving towards the upper end of its recent trading range. It closed at Y145.30 compared with Y144.80 in New York and Y144.50 in Tokyo on Friday. The US unit met strong resistance *as it approached recent highs* but dealers suggested that if the Y145.50 level were broken then the dollar would move much firmer, possibly up to Y148.

£ IN NEW YORK

June 22	Latest	Previous Close
£ Spot	1.5885-1.5895	1.6100-1.6120
1 month	0.24-0.23 pm	0.24-0.23 pm
3 months	0.79-0.76 pm	0.83-0.80 pm
12 months	2.54-2.44 pm	2.58-2.48 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	June 22	Previous
8.30 am	72.2	72.9
9.00 am	72.3	72.9
10.00 am	72.2	72.9
11.00 am	72.1	72.7
Noon	72.1	72.8
1.00 pm	72.2	72.6
2.00 pm	72.0	72.4
3.00 pm	71.9	72.3
4.00 pm	71.8	72.5

CURRENCY RATES

June 22	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.79582	0.703093
U.S. Dollar	5.5	1.2787	1.13022
Canadian $	7.90	*	1.50941
Austrian Sch.	4	N/A	14.5799
Belgian Franc	7¾	"	42.9993
Danish Krone	7	"	7.80306
Deutsche Mark	3.0	2.3468	2.07452
Neth. Guilder	4½	N/A	2.33707
French Franc	9½	7.8502	6.92092
Italian Lira	11.5	N/A	1497.83
Japanese Yen	2½	185.41	164.560
Norway Krone	8	N/A	7.59905
Spanish Peseta	—	"	143.369
Swedish Krona	7½	"	7.22099
Swiss Franc	3.5	"	1.72472
Greek Drach.	20½	"	155.299
Irish Punt	—	"	0.774921

*C$/SDR rate for June 19: 1.72054

CURRENCY MOVEMENTS

June 22	Bank of England Index	Morgan Guaranty Changes %
Sterling	71.8	−21.9
U.S. Dollar	102.5	−4.5
Canadian Dollar	77.7	−10.7
Austrian Schilling	137.3	+10.2
Belgian Franc	99.8	−4.5
Danish Krone	92.8	+3.4
Deutsche Mark	146.4	+21.4
Swiss Franc	171.5	+22.3
Guilder	134.5	+14.3
French Franc	71.3	−12.9
Lira	47.2	−18.1
Yen	219.9	+63.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

June 22	£	$
Argentina	2.7670-2.7800	1.7310-1.7380
Australia	2.2205-2.2235	1.3870-1.3875
Brazil	67.1200-67.5100	42.0000-42.2100
Finland	7.1405-7.1530	4.4600-4.4620
Greece	219.40-223.20	136.15-138.55
Hong Kong	12.4825-12.4980	7.8065-7.8075
Iran	117.00*	71.25*
Korea (Sth)	1301.45-1313.20	808.20-814.80
Kuwait	0.45110-0.45160	0.28215-0.28225
Luxembourg	60.70-60.80	38.05-38.15
Malaysia	4.0285-4.0350	2.5195-2.5210
Mexico	2100.00-2120.00	1314.00-1324.00
N. Zealand	2.6910-2.6960	1.6805-1.6825
Saudi Ar.	5.9960-6.0015	3.7500-3.7510
Singapore	3.3900-3.3950	2.1205-2.1215
S. Af. (Cm)	3.2430-3.2585	2.0255-2.0295
S. Af. (Fn)	5.3420-5.5260	3.3335-3.4485
Taiwan	50.00-50.25	31.05-31.15
U.A.E.	5.8725-5.8775	3.6725-3.6735

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu June 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	42.9993	+1.27	+0.76	±1.5344
Danish Krone	7.85212	7.80306	−0.62	−1.13	±1.6404
German D-Mark	2.05853	2.07452	+0.78	+0.27	±1.0981
French Franc	6.90403	6.92092	+0.24	−0.27	±1.3674
Dutch Guilder	2.31943	2.33707	+0.76	+0.25	±1.5012
Irish Punt	0.768411	0.774921	+0.85	+0.35	±1.6684
Italian Lira	1483.58	1497.83	+0.96	+0.94	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

June 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5435-1.6135	1.5940-1.5950	0.27-0.24c pm	1.92	0.84-0.79 pm	2.04
Canada	2.1325-2.1555	2.1280-2.1290	0.16-0.06c pm	0.62	0.87-0.71 pm	1.48
Netherlands	3.29¾-3.32¾	3.29¾-3.30¾	1⅛-⅞c pm	3.63	3⅝-3⅛ pm	3.94
Belgium	60.70-61.30	60.70-60.80	16-9c pm	2.47	46-35 pm	2.67
Denmark	11.02¾-11.11¾	11.02¾-11.03¾	¼-¾ore dis	−0.48	½-1¼ dis	−0.34
Ireland	1.0950-1.1060	1.0955-1.0965	0.06-0.15 p dis	−1.15	0.13-0.38 dis	−0.93
W. Germany	2.93-2.95½	2.93-2.94	1⅞-1¾pf pm	6.13	4¼-3⅞ pm	5.45
Portugal	227.90-230.75	228.30-229.25	100-141c dis	−6.32	312-394 dis	−6.16
Spain	202.65-204.50	202.70-203.00	58-116c dis	−5.15	161-327 dis	−4.81
Italy	2117-2135	2117-2118	Par-3 lire dis	−0.85	1-7 dis	−0.76
Norway	10.73¼-10.86¼	10.73¼-10.74¼	4¼-4⅞ ore dis	−5.10	13¾-14¼ dis	−5.14
France	9.77¼-9.86¼	9.77¼-9.78¼	1-½ c pm	1.00	2⅞-1⅞ pm	0.87
Sweden	10.20¾-10.28¾	10.20¾-10.21¾	¾-⅛ ore pm	−0.66	1-⅛ pm	−0.27
Japan	232-234½	232-233	1⅛-⅞ y pm	5.16	3¾-3 pm	5.38
Austria	20.62-20.75	20.62-20.65	9¼-8¼ gro pm	5.09	27¾-24¾ pm	5.06
Switzerland	2.43¾-2.45¾	2.43¾-2.44¾	1-¾c pm	4.31	3⅛-2⅞ pm	5.03

Belgian rate is for convertible francs. Financial franc 60.85-60.95. Six-month forward dollar 1.59-1.54 c pm. 12-month 2.63-2.53c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

June 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5935-1.6135	1.5940-1.5950	0.27-0.24c pm	1.92	0.84-0.79 pm	2.04
Ireland†	1.4540-1.4600	1.4550-1.4560	0.43-0.38c pm	3.33	1.25-1.12 pm	3.25
Canada	1.3348-1.3386	1.3350-1.3360	0.13-0.16c dis	−1.30	0.44-0.48dis	−1.38
Netherlands	2.0640-2.0750	2.0710-2.0720	0.32-0.29c pm	1.77	0.98-0.93 pm	1.85
Belgium	37.98-38.11	38.05-38.15	3pm-par	0.47	8-3 pm	0.58
Denmark	6.88¼-6.92¼	6.91¼-6.92¼	0.80-1.50ore dis	−2.00	2.80-3.50 dis	−1.83
W. Germany	1.8300-1.8420	1.8395-1.8405	0.52-0.49pf pm	3.30	1.56-1.51pm	3.35
Portugal	142¼-143½	143-143½	85-110c dis	−8.18	270-320 dis	−8.25
Spain	126.76-127.10	127.00-127.10	50-100c dis	−7.09	150-250 dis	−6.30
Italy	1322-1329	1327¼-1328¼	2.50-3.50lire dis	−2.72	8.00-11.00 dis	−2.87
Norway	6.72-6.74¼	6.73½-6.74	3.90-4.00ore dis	−6.69	11.60-12.10dis	−7.04
France	6.11½-6.13½	6.13¼-6.13¾	0.47-0.62c dis	−1.07	1.70-2.00 dis	−1.21
Sweden	6.36¾-6.40¾	6.40¼-6.40¾	0.55-0.85ore dis	−1.32	2.50-2.90 dis	−1.69
Japan	145.10-145.90	145.75-145.85	0.40-0.37y pm	3.17	1.19-1.14 pm	3.20
Austria	12.87½-12.92	12.91½-12.92	3.50-3.10gro pm	3.07	9.75-8.75 pm	2.87
Switzerland	1.5205-1.5300	1.5285-1.5295	0.32-0.27c pm	2.32	1.14-1.09 pm	2.92

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.15-38.25

EURO-CURRENCY INTEREST RATES

June 22	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	8⅞-9⅛	8$\frac{15}{16}$-9$\frac{1}{16}$	8$\frac{15}{16}$-9$\frac{1}{16}$	9¼-9⅜	9⅜-9½	9⅜-9½
U.S. Dollar	6$\frac{11}{16}$-6$\frac{13}{16}$	7⅛-7¼	7-7¼	7$\frac{5}{16}$-7$\frac{7}{16}$	7⅝-7¾	7$\frac{13}{16}$-7$\frac{15}{16}$
Can. Dollar	7¾-8	8-8¼	8-8¼	8¼-8½	8½-8¾	8¾-9
D. Guilder	5¼-5½	5$\frac{5}{16}$-5$\frac{7}{16}$	5$\frac{5}{16}$-5$\frac{7}{16}$	5$\frac{5}{16}$-5$\frac{7}{16}$	5$\frac{5}{16}$-5$\frac{7}{16}$	5$\frac{5}{16}$-5$\frac{7}{16}$
Sw. Franc	2¾-3	1½-1¾	4$\frac{1}{16}$-4$\frac{3}{16}$	4⅛-4¼	3$\frac{15}{16}$-4$\frac{1}{16}$	3$\frac{15}{16}$-4
Deutschmark	3½-3¾	3½-3⅝	3$\frac{11}{16}$-3$\frac{13}{16}$	3$\frac{11}{16}$-3$\frac{13}{16}$	3¾-3⅞	3⅞-4
Fr. Franc	7$\frac{11}{16}$-7$\frac{13}{16}$	7$\frac{13}{16}$-8$\frac{1}{16}$	8$\frac{1}{16}$-8$\frac{3}{16}$	8¼-8⅜	8⅜-8$\frac{11}{16}$	8⅞-9
Italian Lira	9-11	9-9¾	9½-10	9¾-10⅛	9⅞-10⅛	10⅛-10⅜
B. Fr. (Fin.)	6¼-6½	6½-6⅝	6¼-6¼	6¼-6⅞	6⅞-7	7-7⅛
B. Fr. (Con.)	6-6½	6¼-6⅝	6½-6⅞	6½-6⅞	6¾-7	6⅞-7¼
Yen	3$\frac{11}{16}$-3$\frac{13}{16}$	4⅛-4$\frac{5}{16}$	4-4$\frac{3}{16}$	4-4$\frac{3}{16}$	4-4⅛	4-4$\frac{3}{16}$
D. Krone	9¼-9½	9¼-9⅝	9¼-9⅝	9¼-9⅝	9¼-9⅝	9¾-10⅛
Asian $Sing.	⅝-1	N/A	4$\frac{5}{16}$-4$\frac{7}{16}$	4⅜-4⅞	4⅜-4⅞	4¼-4⅞

Long-term Eurodollars: Two years 8-8⅛ per cent; three years 8¼-8½ per cent; four years 8½-8⅝ per cent; five years — per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

June 22	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.595	2.935	232.5	9.783	2.438	3.303	2118.	2.129	60.75
$	0.627	1.	1.840	145.8	6.135	1.529	2.072	1328.	1.335	38.10
DM	0.341	0.543	1.	79.22	3.333	0.830	1.125	721.5	0.725	20.70
YEN	4.301	6.858	12.62	1000.	42.08	10.48	14.20	9108.	9.155	261.3
F Fr.	1.022	1.630	3.000	237.7	10.	2.492	3.376	2165.	2.176	62.10
S Fr.	0.410	0.654	1.204	95.38	4.013	1.	1.355	868.7	0.873	24.92
H Fl.	0.303	0.483	0.889	70.40	2.962	0.738	1.	641.2	0.645	18.40
Lira	0.472	0.753	1.386	109.8	4.620	1.151	1.560	1000.	1.005	28.69
C $	0.470	0.749	1.379	109.2	4.596	1.145	1.552	994.8	1.	28.54
B Fr.	1.646	2.625	4.831	382.7	16.10	4.012	5.436	3486.	3.504	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilts slide sharply

GILT PRICES fell sharply in the London International Financial Futures Exchange yesterday. Sterling's continued fall and a general loss of confidence ensured that values were marked down from the start of trading. News of a 1.3 per cent rise in first *quarter GDP did little to dispel* the gloom and with the dollar threatening to move above its recent trading range, so sterling instruments lost their attraction.

Yesterday's trading saw no attempts at a rally and no fresh buying. Gilt yields were showing a 1 per cent margin over US bond yields and even a move through 9 per cent failed to have any effect.

News of small intervention by the Bank of England meant that the September price finished slightly above the day's lows although dealers suggested that minor *short-covering towards the* close was expected anyway. The September contract opened at 124-03 which proved to be the day's high and fell away to a low of 122-28 before finishing at 123-02, down from 124.10 on Friday.

Three-month sterling deposits acted in much the same way. A *defensive rise in cash rates and* the prospects of a base cut as far removed as hopes of a sunny day, ensured that values finished at the day's lows. The September price fell to 90.73 from an opening of 90.80 and Friday's close of 90.85.

US Treasury bond prices were firmer, helped by the dollar's stronger tone. Underlying sentiment showed traders being far from confident however and the twin trade and budget deficits continued to exert an unsettling influence.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
118	6.40	7.26	0.20	1.12
120	4.62	5.62	0.42	1.48
122	3.33	4.46	1.13	2.32
124	2.19	3.40	1.63	3.26
126	1.30	2.47	3.10	4.33
128	0.56	2.00	4.36	5.50
130	0.31	1.27	6.11	7.13
132	0.16	1.00	7.60	8.50

Estimated volume total, Calls 3,462 Puts 2,921
Previous day's open int: Calls 23,052 Puts 14,426

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
84	8.39	8.01	0.07	0.29
86	6.49	6.24	0.17	0.52
88	5.04	4.58	0.36	1.22
90	3.38	3.42	1.06	2.06
92	2.17	2.40	1.49	3.04
94	1.20	1.52	2.52	4.16
96	0.46	1.13	4.34	5.41
98	0.23	0.49	5.55	7.13

Estimated volume total, Calls 176 Puts 72
Previous day's open int: Calls 1539 Puts 546

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last July	Puts—Last June	Puts—Last July
22000	8.29	14.51	0.09	1.11
22250	5.99	12.48	0.29	1.58
22500	3.95	10.60	0.75	2.20
22750	2.45	8.80	1.75	2.90
23000	1.45	7.20	3.25	3.80
23250	0.72	5.82	5.02	4.92
23500	0.32	4.62	7.12	6.22
23750	0.12	3.61	9.42	7.71

Estimated volume total, Calls 36 Puts 17
Previous day's open int: Calls 526 Puts 706

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last				Puts—Last			
1.45 – 1.75	[illegible]				[illegible]			

Estimated volume total, Calls 1,017 Puts 101
Previous day's open int: Calls 699 Puts 1,724

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last				Puts—Last					Dec.
1.45 – 1.75	[illegible]				[illegible]					2.70, 1.15, 2.80, 5.00, 7.90, 11.50, 16.50

Previous day's open int. Calls 3,917 Puts 365
Volume: 65

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last	Puts—Last
1.600 – 1.750	[illegible]	[illegible]

Previous day's open int: Calls 116,252 Puts 63,682
Previous day's volume: Calls 10,288 Puts 5,679

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last	Puts—Last
[illegible]	[illegible]	[illegible]

Previous day's open int. Calls 1,615 Puts 1,009
Estimated volume, Calls 3 Puts 150

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
June	[illegible]			
Sept.	[illegible]	124-03	122-28	124-10
Dec.	[illegible]			

Estimated Volume 30,606 (42,063)
Previous day's open int. 30,913 (30,422)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev.
June	—	—	—	—

Estimated Volume 0 (0)
Previous day's open int. 0 (0)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Sept.	90.73	90.80	90.73	90.88
Dec.	[illegible]			90.85
Mar.	[illegible]			90.75
June	[illegible]			90.63
Sept.	[illegible]			90.50

Estimated Volume 6,963 (10,570)
Previous day's open int. 16,221 (16,847)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
June	[illegible]			228.20
Sept.	[illegible]			233.40
Dec.	[illegible]			237.90

Estimated Volume 1,683 (2,695)
Previous day's open int. 7,863 (7,929)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Sept.	[illegible]			92.55
Dec.	[illegible]			92.26
March	[illegible]			92.05
June	[illegible]			91.86
Sept.	[illegible]			91.68
Dec.	[illegible]			91.52
Mar.	[illegible]			91.38

Estimated Volume 4,483 (5,878)
Previous day's open int. 24,867 (24,687)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
June	[illegible]			93-09
Sept.	[illegible]			92-16
Dec.	[illegible]			91-18

Estimated Volume 3,956 (5,840)
Previous day's open int. 4,065 (4,359)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5945	[illegible]	[illegible]	[illegible]	1.5687

IMM—STERLING $e per £

	Latest	High	Low	Prev.
Sept.	[illegible]			1.6040
Dec.	[illegible]			1.5965
Mar.	[illegible]			1.5925

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev.
Sept.	[illegible]			1.6121
Dec.	[illegible]			1.6057
Mar.	[illegible]			1.6010

Estimated Volume 132 (160)
Previous day's open int 827 (857)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
[illegible]	[illegible]			

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sept.	93.99	94.02	93.96	93.94
Dec.	93.73	93.77	93.69	93.66
Mar.	93.55	93.56	93.51	93.44
June	93.34	93.40	93.34	93.25
Sep.	93.18	93.18	—	93.09
Dec.	93.00	93.00	—	92.92
Mar.	92.83	92.83	—	92.75
June	—	—	—	—

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep.	0.6583	0.6600	0.6577	0.6619
Dec.	0.6644	0.6662	0.6637	0.6679
Mar.	0.6700	0.6700	0.6700	0.6739

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
[illegible]	[illegible]			

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Sept.	0.5481	0.5493	0.5478	0.5514
Dec.	0.5527	0.5539	0.5525	0.5562
Mar.	0.5585	0.5588	0.5585	0.5612

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sept.	92.67	92.68	92.61	92.57
Dec.	92.40	92.42	92.33	92.28
Mar.	92.18	92.22	92.13	92.06
June	91.98	92.03	91.94	91.87
Sept.	91.82	91.86	91.80	91.71
Dec.	91.66	91.70	91.65	91.55
Mar.	91.50	91.56	91.50	91.40
June	91.37	91.40	91.37	91.26

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sept.	310.35	310.65	309.90	308.90
Dec.	312.55	313.00	312.25	311.20
Mar.	314.50	315.00	314.50	313.20
June	316.50	—	—	315.00

MONEY MARKETS

London rates higher as sterling falls

INTEREST RATES rose in London yesterday as the market reacted to another *sharp fall in* the value of sterling. Three-month interbank money was quoted an eighth of a point firmer at 9¼-9⅛ per cent, its highest level since the beginning of May. Investors *continued to show* their disappointment over sterling's lack of improvement after the election while recent economic data revived inflation fears. News of a 1.3 per cent rise in 1st quarter GDP and a year on year rise of 3.3 per cent failed to alter the mood of the market.

UK clearing bank base lending rate 9 per cent since May 8

Overnight money opened at 9-8¾ per cent eased initially to 8⅝ per cent before coming back to 9½-9 per cent. Late balances were taken up to 11 per cent.

The Bank of England *forecast* a shortage of around £1,200m with factors affecting the market including bills maturing in official bands and the repayment of any late assistance together with a *take up of* Treasury bills draining £972m and Exchequer transactions a further £530m. In addition banks brought forward balances £40m below target.

To help alleviate the shortage, the Bank offered an early round of assistance which totalled £136m *and comprised outright purchases* of £77m of eligible bank bills in band 1 at 8⅞ per cent and in band 2 £1m of local authority bills and £58m of eligible bank bills all at 8⅞ per cent.

The *forecast* was revised to a shortage of around £1,150m before taking into account the early help and the Bank gave additional assistance in the morning of £186m through outright purchases of £114m of eligible bank bills in band 1 at 8⅞ per cent and in band 2 £49m of local authority bills and £23m of eligible bank bills, all at 8⅞ per cent.

Further help was given in the afternoon of £451m through outright purchases of £5m of Treasury bills and £155m of eligible bank bills in band 1 at 8⅞ per cent and in band 2 £2m of Treasury bills and £289m of eligible bank bills all at 8& per cent. Late assistance came to £125m, making a total of £898m.

In Frankfurt call money was a litle higher at 3.3-3.4 per cent from 3.25-3.35 per cent on Friday. This reflected commercial banks starting to withdraw funds in order to meet customer tax payments due this month. The Bundesbank has provided a net DM 4.3bn of fresh liquidity through the last two sale and repurchase agreements

FT LONDON INTERBANK FIXING

(11.00 a.m. June 22) 3 months U.S. dollars		6 months U.S. dollars	
bid 7 $\frac{5}{16}$	offer 7 $\frac{7}{16}$	bid 7 ⅝	offer 7 ¾

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	8.25	One month	[illegible]	Three year	7.59
Broker loan rate	8.00	Two month	[illegible]	Four year	7.74
Fed funds	[illegible]	Three month	[illegible]	Five year	7.71
Fed funds at intervention	[illegible]	Six month	[illegible]	Seven year	8.06
		One year	[illegible]	10 year	8.22
		Two year	[illegible]	30 year	8.40

June 22	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.30-3.40	3.60-3.70	3.60-3.70	3.60-3.75	3.65-3.80	5.0
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7¾
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

LONDON MONEY RATES

June 22	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank	11-8⅝	[illegible]	[illegible]	[illegible]	[illegible]	9⅝-9½
Sterling CDs	—	[illegible]	[illegible]	[illegible]	[illegible]	9¾-9⅝
Local Authority Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9½
Local Authority Bonds	—	—	[illegible]	[illegible]	[illegible]	9½
Discount Mkt Deposits	[illegible]	[illegible]	[illegible]	[illegible]	—	—
Company Deposits	—	—	[illegible]	[illegible]	[illegible]	—
Finance House Deposits	—	—	[illegible]	[illegible]	[illegible]	9¼
Treasury Bills (Buy)	—	—	[illegible]	[illegible]	—	9⅛
Bank Bills (Buy)	—	—	[illegible]	[illegible]	[illegible]	—
Fine Trade Bills (Buy)	—	—	[illegible]	[illegible]	[illegible]	—
Dollar CDs	—	—	7.10-7.05	7.05-7.00	7.15-7.10	7.65-7.60
SDR Linked Deposits	—	—	[illegible]	[illegible]	[illegible]	6⅞-6⅝
ECU Linked Deposits	—	—	[illegible]	[illegible]	[illegible]	7¼-6⅞

Treasury Bills (sell): one-month 8⅞ per cent; three-months 8⅝ per cent; Bank Bills (sell): one-month 8⅞ per cent; three months 8⅝ per cent; Treasury Bills: Average tender rate of discount 8.6232 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 29, 1987. Agreed rates for period June 24 to July 25, 1987, Scheme I: 10.54 p.c., Schemes II & III: 10.12 p.c. Reference rate for period May 1 to May 29, 1987, Scheme IV: 8.973 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9½ per cent from June 1, 1987. Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8⅞ per cent; one-three months 8⅞ per cent; three-six months 8½ per cent; six-nine months 8⅞ per cent; nine-12 months 8⅞ per cent; Under £100,000 8 per cent from June 17. Deposits withdrawn for cash 5 per cent.

Legal Notices

IN THE MATTER OF
LINARIA LIMITED
AND IN THE MATTER OF
THE CYPRUS COMPANIES LAW
CAP 113

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company, which is being voluntarily wound up are required on or before the 23rd day July 1987 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Mr Antony Hajirousses, FCCA, of Jaffa House, 3 Them. Dervis Street, P.O. Box 1612, Nicosia, Cyprus, the Liquidator of the said Company, and if so required by notice in writing from the said Liquidator, are, personally or by their solicitors to come in and prove their debts or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Date this 23rd day of June 1987.
A. HAJIROUSSOS, FCCA,
Liquidator.

Company Notice

ML HOLDINGS plc
ORDINARY SHARES OF 25p
7% CUMULATIVE REDEEMABLE PREFERENCE SHARES OF £1

NOTICE IS HEREBY GIVEN that the Transfer Books and registers of Members will be CLOSED on 17th July, 1987 only.

By Order of the Board
J. D. LOVERIDGE
Secretary

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on June 22, 1987. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.20
Albania	Lek	9.9716
Algeria	Dinar	7.5047
Andorra	French Franc	9.7825
	Spanish Peseta	202.85
Angola	Kwanza	49.9830
Antigua	E. Caribbean $	4.34
Argentina	Austral	2.7735
Aruba	Florin	2.8701
Australia	Australian $	2.2220
Austria	Schilling	20.635
Azores	Portuguese Escudo	228.78
Bahamas	Bahama $	1.5945
Bahrain	Dinar	0.6070
Balearic Islands	Spanish Peseta	202.85
Bangladesh	Taka	49.00
Barbados	Barbados $	3.2070
Belgium	Belgian Franc	(cm) 60.75
		(fn) 60.90
Belize	B $	3.1890
Benin	C.F.A. Franc	489.13
Bermuda	Bermudian $	1.5945
Bhutan	Ngultrum	20.50
Bolivia	Boliviano	(o) 3.2944
Botswana	Pula	2.70
Brazil	Cruzado	67.32
British Virgin Islands	U.S. $	1.5945
Brunei	Brunei $	3.3925
Bulgaria	Lev	1.4334
Burkina Faso	C.F.A. Franc	489.13
Burma	Kyat	10.8865
Burundi	Burundi Franc	206.00
Cameroon	C.F.A. Franc	489.13
Canada	Canadian $	2.1285
Canary Islands	Spanish Peseta	202.85
Cape Verde Islands	Cape V. Escudo	142.34
Cayman Islands	Cayman Isles $	1.3314
Cent. Afr. Republic	C.F.A. Franc	489.13
Chad	C.F.A. Franc	489.13
Chile	Chilean Peso	347.60
China	Renminbi Yuan	5.9868
Colombia	Col. Peso	382.50
Comoro Islands	C.F.A. Franc	489.13
Congo (Brazzaville)	C.F.A. Franc	489.13
Costa Rica	Colon	99.83
Cuba	Cuban Peso	1.3340
Cyprus	Cyprus £	0.7730
Czechoslovakia	Koruna	(com) 9.05
		nc 15.75
		(T) 15.21
Denmark	Danish Kroner	11.0325
Djibouti Republic of	Djibouti Franc	277.00
Dominica	E. Caribbean $	4.34
Dominican Republic	Dominican Peso	5.7531
Ecuador	Sucre	(o) 238.87
		(F) 309.80
Egypt	Egyptian £	3.54
El Salvador	Colon	7.9950
Equatorial Guinea	C.F.A. Franc	489.13
Ethiopia	Ethiopian Birr	3.32
Falkland Islands	Falkland Isles £	1.0
Faroe Islands	Danish Kroner	11.0325
Fiji Islands	Fiji $	1.7079
Finland	Markka	7.1468
France	Franc	9.7825
French C'ty in Africa	C.F.A. Franc	489.13
French Guiana	Local Franc	9.7825
French Pacific Islands	C.F.P. Franc	172.00
Gabon	C.F.A. Franc	489.13
Gambia	Dalasi	11.00
Germany (East)	Ostmark	2.9350
Germany (West)	Deutsche Mark	2.9350

COUNTRY	CURRENCY	VALUE OF £ STERLING
Ghana	Cedi	261.32
Gibraltar	Gibraltar £	1.0
Greece	Drachma	221.30
Greenland	Danish Krone	11.0325
Grenada	E. Caribbean $	4.34
Guadaloupe	Local Franc	9.7825
Guam	U.S. $	1.5945
Guatemala	Quetzal	1.5945
		(F) 4.3935
Guinea	Franc	546.38
Guinea-Bissau	Peso	1044.55
Guyana	Guyanese $	14.46
Haiti	Gourde	7.9725
Honduras	Lempira	3.1975
Hong Kong	H.K. $	12.6615
Hungary	Forint	77.8572
Iceland	Icelandic Krona	62.872
India	Indian Rupee	20.50
Indonesia	Rupiah	2660.930
Iran	Rial	117.00
Iraq	Iraqi Dinar	0.5077
Irish Republic	Punt	1.0960
Israel	Shekel	2.5725
Italy	Lira	2117.50
Ivory Coast	C.F.A. Franc	489.13
Jamaica	Jamaican Dollar	8.625
Japan	Yen	232.50
Jordan	Jordanian Dinar	0.5495
Kampuchea	Riel	N/A
Kenya	Kenya Shilling	26.20
Kiribati	Australian $	2.2220
Korea (North)	Won	1.4988
Korea (South)	Won	1307.32
Kuwait	Kuwaiti Dinar	0.45135
Laos	New Kip	55.8075
Lebanon	Lebanese £	227.31
Lesotho	Maloti	3.2508
Liberia	Liberian $	1.5945
Libya	Libyan Dinar	0.4810
Liechtenstein	Swiss Franc	2.4375
Luxembourg	Luxembourg Franc	60.75
Macao	Pataca	12.9238
Madeira	Portuguese Escudo	228.78
Malagasy Republic	M.G. Franc	1075.75
Malawi	Kwacha	3.6550
Malaysia	Ringgit	4.0318
Maldive Islands	Rufiyra	11.1615
Mali Republic	C.F.A. Franc	489.13
Malta	Maltese £	0.5620
Martinique	Local Franc	9.7825
Mauritania	Ouguiya	120.20
Mauritius	Mauritian Rupee	20.35
Mexico	Mexican Peso	2110.00
		2102.44
Miquelon	Local Franc	9.7825
Monaco	French Franc	9.7825
Mongolia	Tugrik	5.3503
Montserrat	E. Caribbean $	4.34
Morocco	Dirham	13.40 (sg)
Mozambique	Metical	324.61
Namibia	S.A. Rand	3.2508
Nauru Islands	Australian $	2.2220
Nepal	Nepalese Rupee	33.75
Netherlands	Guilder	3.3025
Netherland Antilles	Antillian Guilder	2.8701
New Zealand	N.Z. $	2.6935
Nicaragua	Cordoba	3516.00
Niger Republic	C.F.A. Franc	489.13
Nigeria	Naira	7.4080
Norway	Norwegian Krone	10.7425
Oman Sultanate of	Rial Omani	0.6195
Pakistan	Pakistan Rupee	27.50

COUNTRY	CURRENCY	VALUE OF £ STERLING
Panama	Balboa	1.5945
Papua New Guinea	Kina	1.7870
Paraguay	Guarani	521.76 (10)
		1202.50
Peru	Inti	(exc(o)25.91
		(F) 39.13
		(Fn) 32.40
Philippines	Philippine Peso	32.20
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.6935
Poland	Zloty	418.17
Portugal	Escudo	228.78
Puerto Rico	U.S. $	1.5945
Qatar	Qatari Ryal	5.8595
Reunion Isle de la	French Franc	9.7825
Romania	Leu	(N/C) 16.36
Rwanda	Rwanda Franc	131.42
St. Christopher	E. Caribbean $	4.34
St. Helena	St. Helena £	1.00
St. Lucia	E. Caribbean $	4.34
St. Pierre	Local Franc	9.7825
St. Vincent	E. Caribbean $	4.34
Samoa American	U.S. $	1.5945
San Marino	Italian Lira	2117.50
Sâo Tomé & Principe	Dobra	56.70
Saudi Arabia	Saudi Ryal	5.9988
Senegal	C.F.A. Franc	489.13
Seychelles	S. Rupee	8.90
Sierra Leone	Leone	(o)56.90
Singapore	Singapore $	3.3925
Solomon Islands	Solomon Is. $	3.2104
Somali Republic	Somali Shilling	191.66
South Africa	Rand	(Cm) 3.2508
		(Fn) 5.4340
Spain	Peseta	202.85
Spanish ports in North Africa	Peseta	202.85
Sri Lanka	S.L. Rupee	46.60
Sudan Republic	Sudan £	3.986
Surinam	S. Guilder	2.8642
Swaziland	Lilangeni	3.2508
Sweden	Swedish Krona	10.2125
Switzerland	Swiss Franc	2.4375
Syria	Syrian £	(o) 6.2584
Taiwan	New Taiwan $	50.125
Tanzania	Tan. Shilling	100.30
Thailand	Baht	41.00
Togo Republic	C.F.A. Franc	489.13
Tonga Islands	Pa'anga	2.2220
Trinidad & Tobago	Trinidad & Tob. $	5.7402
Tunisia	Tunisian Dinar	1.2379 (sg)
Turkey	Turkish Lira	1371.68
Turks & Caicos Islands	U.S. $	1.945
Tuvalu	Australian $	2.2220
Uganda	Uganda Shilling	95.00
United States	U.S. $	1.5945
Uruguay	Uruguay Peso	350.75
United Arab Emirates	U.A.E. Dirham	5.8750
USSR	Rouble	1.0441
Vanuatu	Vatu	170.50
Vatican	Italian Lira	2117.50
Venezuela	Bolivar	(4) 6.86
		(5) 11.96
		(6) 46.35
Vietnam	Dong	(o) 128.56
Virgin Islands U.S.	U.S. $	1.5945
Western Samoa	Tala	(A) 3.4320
Yemen (North)	Ryal	(A) 16.50 (sg)
Yemen (South)	S. Yemen Dinar	0.5512
Yugoslavia	New Y. Dinar	1049.20
Zaire Republic	Zaire	190.71
Zambia	Kwacha	12.55 (17)
Zimbabwe	Zimbabwe $	2.68

‡Rate is the transfer market (controlled). ‡‡ Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for Public Sector Debt and Essential Imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (9) Banknote rate. (10) Rate for exports. (14) Nearly all business transactions. (15) Nigeria, Auction price for dollar N/A. (16) Bolivia, New Currency introduced (Boliviano, worth 1m Pesos) Jan 1 1987. (17) Zambia Kwacha, set at 8 Kwacha to the Dollar, May 5 1987.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY JUNE 22 1987					FRIDAY JUNE 19 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	134.54	−1.4	125.10	124.14	3.16	136.45	125.19	125.75	140.95	99.92	88.67
Austria (16)	85.76	−0.1	79.75	81.81	2.31	85.82	78.73	81.38	101.62	85.76	83.20
Belgium (47)	117.09	+0.1	108.87	110.30	4.34	116.92	107.27	109.57	123.62	96.19	77.95
Canada (127)	127.06	−0.4	118.15	122.88	2.36	127.58	117.04	123.70	136.17	100.00	98.26
Denmark (39)	119.61	−0.5	111.22	112.58	2.46	120.26	110.33	112.58	124.10	98.18	91.93
France (122)	105.74	+0.5	98.32	101.76	2.73	105.24	96.55	100.87	121.82	98.39	78.96
West Germany (90)	96.50	+1.2	89.73	92.31	2.03	95.39	87.51	90.73	100.33	84.00	82.75
Hong Kong (45)	119.81	−1.0	111.40	120.09	2.86	121.00	111.01	121.28	121.24	96.89	72.74
Ireland (14)	128.35	−1.4	119.34	124.26	3.62	130.12	119.38	125.32	131.86	99.50	84.05
Italy (76)	99.77	−0.9	92.77	98.95	1.84	100.68	92.36	99.47	112.11	94.76	78.78
Japan (458)	146.30	−3.6	136.03	134.83	0.50	151.73	139.20	139.12	161.28	100.00	79.41
Malaysia (36)	170.28	+0.4	158.33	165.28	2.30	169.55	155.55	164.19	172.55	98.24	87.49
Mexico (14)	268.91	+0.8	250.03	387.80	0.57	266.65	244.63	384.40	268.91	99.72	49.76
Netherland (38)	120.25	+0.7	111.81	113.69	3.91	119.38	109.53	112.30	120.25	99.65	88.52
New Zealand (27)	99.93	−0.4	92.92	89.23	3.06	100.32	92.03	89.47	100.59	83.93	70.57
Norway (24)	139.99	+0.9	130.17	128.02	1.97	138.72	127.27	126.81	140.05	100.00	100.10
Singapore (27)	143.04	+0.5	133.00	139.81	1.77	142.30	130.55	138.99	144.47	99.29	80.86
South Africa (61)	154.32	−3.3	143.48	114.37	3.62	159.54	146.37	117.25	186.74	100.00	78.09
Spain (43)	117.58	+1.8	109.33	113.17	3.59	115.47	105.94	110.79	121.31	100.00	83.95
Sweden (33)	113.26	−1.5	105.31	107.39	2.17	115.02	105.53	108.55	124.68	90.85	87.02
Switzerland (51)	98.66	+2.6	91.74	93.53	1.84	96.16	88.22	90.61	104.06	92.01	82.48
United Kingdom (335)	143.58	−2.2	133.50	133.50	3.24	146.84	134.71	134.71	151.46	99.65	98.57
USA (593)	126.68	+0.8	117.79	126.68	2.86	125.63	115.25	125.63	126.68	100.00	102.41
Europe (928)	119.24	−0.7	110.87	112.86	2.87	120.08	110.16	112.65	121.71	99.78	88.42
Pacific Basin (687)	144.85	−3.4	134.68	133.80	0.67	149.97	137.59	137.86	158.64	100.00	79.53
Euro—Pacific (1615)	134.66	−2.5	125.20	125.44	1.45	138.06	126.66	127.81	143.34	100.00	83.04
North America (720)	126.70	+0.8	117.80	126.49	2.84	125.73	115.35	125.54	126.70	100.00	102.19
World Ex. US (1817)	134.68	−2.4	125.23	130.16	1.51	137.99	126.60	130.16	143.09	100.00	83.50
World Ex. UK (2075)	130.34	−1.1	121.19	125.25	1.88	131.80	120.91	126.31	133.55	100.00	90.19
World Ex. So. Af. (2349)	131.37	−1.2	122.15	126.08	2.00	132.97	121.99	127.13	134.83	100.00	90.98
World Ex. Japan (1952)	124.51	+0.2	115.77	121.63	2.86	124.31	114.04	121.08	124.51	100.00	96.40
The World Index (2410)	131.52	−1.2	122.29	126.01	2.01	133.14	122.14	127.08	134.97	100.00	90.90

Base values: Dec 31, 1986 = 100

Amendments to indices for June 19 apply to the following: Australia, UK, Europe, Euro-Pacific, World Ex. US, World Ex. South Africa, World Ex. Japan, the World Index and all the Pound Sterling Indices with the exception of the UK.
Prices for Denmark for June 22 were not available.
Latest prices unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Aug 87		Nov 87		Feb 88		
GOLD C	$420	33	27.50	—	—	—	—	$439
GOLD C	$440	71	17.50	38	32	—	—	"
GOLD C	$480	160	6	86	13.50	—	—	"
GOLD C	$520	670	1.50A	120	7.50	10	13	"
GOLD P	$400	490	1.90	110	6	—	—	"
GOLD P	$420	84	4.90	5	10	—	—	"
GOLD P	$440	211	12.50B	30	18	3	20	"
		Sep 87		Dec 87		Mch 87		
SILVER C	$700	12	80	15	100	—	—	$696
SILVER C	$800	15	30	11	65	—	—	"
SILVER C	$1000	5	18A	65	30	—	—	"
		Jul 87		Aug 87		Sep 88		
$/FI C	FI.200	101	6.90	—	—	25	8	FI.207.15
$/FI C	FI.205	143	3.60	15	4.20	14	5	"
$/FI C	FI.210	27	0.80	35	1.80	58	2.80B	"
$/FI P	FI.195	10	0.20	—	—	5	1	"
$/FI P	FI.200	—	—	25	1.40	20	2	"
$/FI P	FI.205	851	1.50	—	—	20	4.10	"
		Dec 87		Mch 88		Jun 88		
$/FI C	FI.200	71	9.40	15	9.70	—	—	FI.207.15
$/FI C	FI.205	128	6.50	12	7.20	—	—	"
$/FI C	FI.210	127	4.20	33	5.70	—	—	"
$/FI P	FI.190	40	1.20	20	2.90	—	—	"
$/FI P	FI.195	5	2.50	5	3.90	20	5.70	"
$/FI P	FI.200	50	4.30	—	—	—	—	"
$/FI P	FI.205	25	6.50	—	—	—	—	"
		July 87		Oct 87		Jan 88		
ABN C	FI.480	193	7.50	50	16.50	20	25	FI.475
ABN P	FI.460	56	3	46	12.50	57	26.90	"
AEGON C	FI.90	567	7	300	9	16	9.50	FI.96.50
AEGON P	FI.85	2	0.60	136	1.30	—	—	"
AHOLD C	FI.95	103	6.20	90	8	—	—	FI.101.50
AHOLD P	FI.95	155	0.70	104	2.20A	—	—	"
AHOLD C	FI.95.50	285	6.20	30	7.20	—	—	"
AHOLD P	FI.95.50	54	1	55	2.50	—	—	"
AKZO C	FI.150	2557	2.50	1134	6.60	128	9.40	FI.146
AKZO P	FI.140	412	1.10	289	3.80B	282	5.40	"
AMEV C	FI.65	196	2.30B	57	4.50	12	5.50	FI.66
AMEV P	FI.65	227	1.40	28	3.30	3	3.80A	"
AMRO C	FI.75	400	2	369	4.20	75	5.50	FI.75
AMRO P	FI.80	5	5.70	50	6.50	—	—	"
ELSEVIER C	FI.50	233	3.30	34	5.50	6	7	FI.51.80
ELSEVIER P	FI.52	5	1.50	83	3.20	—	—	"
GIST-BROC C	FI.45	440	1.70	116	3	12	4.50	FI.44.80
GIST-BROC P	FI.45	87	1.80	156	2.70	2	3.20	"
HEINEKEN C	FI.180	223	3.50	114	7.30	35	8.60	FI.178.80
HEINEKEN P	FI.170	6	1.20	94	3.50	1	5.20	"
HOOGOVENS C	FI.40	640	4.40	300	5.40	8	7	FI.43.50
HOOGOVENS P	FI.40	109	0.50	49	1.50	—	—	"
KLM C	FI.50	666	2.80	581	3.60	180	5	FI.52.10
KLM P	FI.55	17	3.50	133	6	110	6.20	"
NED. LLOYD C	FI.140	63	6.30	54	11.50	11	12	FI.145.20
NED. LLOYD P	FI.130	5	0.80	37	2.60	4	4	"
NAT. NED. C	FI.70	738	4.60	657	6.50	139	8	FI.73.70
NAT. NED. P	FI.75	90	2.90	207	4.20	25	5.20	"
PHILIPS C	FI.50	1848	2.40	778	4.60B	122	5.70	FI.51.78
PHILIPS P	FI.50	732	0.80	379	1.90	25	2.80	"
ROYAL DUTCH C	FI.270	441	2.90	260	7	132	11.30	FI.265.50
ROYAL DUTCH P	FI.260	212	2	35	6.50	7	8	"
UNILEVER C	FI.700	492	11	167	29	9	38.40	FI.687

TOTAL VOLUME IN CONTRACTS: 39,466

A=Ask B=Bid C=Call P=Put

FT-ACTUARIES WORLD INDICES

At the quarter-end review of the FT-Actuaries World Indices, it was decided to include two new sectors in the near future: Europe Excluding the UK and Pacific Basin Excluding Japan. It was also decided to make the following constituent changes with effect from July 1, 1987.

Deletions: Fors Hafnia (Denmark); General Biscuit (France); Hartmann and Braun (Germany) and Perugina (Italy).

Insertions: Emperor Mines (Australia); Ebes AFV (Belgium); Laidlaw A (Canada); Hafnia Investment (Denmark); Schneider (France); Feldmuhle Nobel, M.A.N. and M.A.N. pref. (Germany); Butoni (Italy); Orkla-Borregard (Norway); Inspectorate Group (Switzerland); Calor Gas and Rolls-Royce (UK); Breakwater, Encor Energy, Galactic Resources, Kelly Douglas A and Nowsco (US).

Goodman Fielder will be reclassified from the New Zealand index into the Australia index.

This is a revision of the announcement that appeared in Monday's paper.

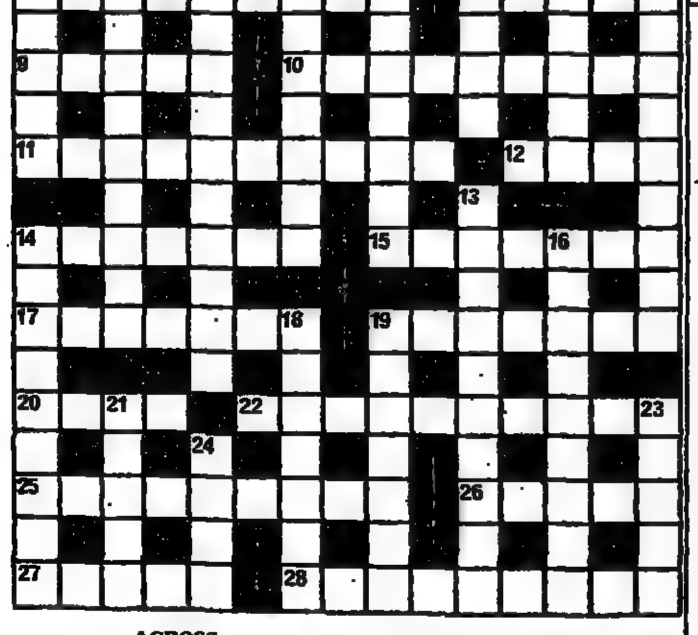
BASE LENDING RATES

	%		%		%
ABN Bank	9	• Charterhouse Bank	9	Nat Bk. of Kuwait	9
Adam & Company	9	Citibank NA	9	NatWestminster	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm. Bk. N. East	9	PK Finans. Intl (UK)	10
American Exp. Bk	9	Consolidated Cred	9	Provincial Trust Ltd	10
Amro Bank	9	Co-operative Bank	*9	R. Raphael & Sons	9
Henry Ansbacher	9	Cyprus Popular Bk	9	Roxburghe G'rantee	9½
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	9	Equat'l Tst C'p plc	9	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd	9½	Smith & Williamson Secs	9
Banco de Bilbao	9	Financial & Gen. Sec	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp	10	Trustee Savings Bank	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd	10	UDT Mortgage Exp.	*11.3
Bank Credit & Comm	9	• Robert Fleming & Co	9	United Bk of Kuwait	9
Bank of Cyprus	9	Robert Fraser & Ptrs	10	United Mizrahi Bank	9
Bank of Ireland	9	Girobank	9	Unity Trust PLC	9
Bank of India	9	Grindlays Bank	‡9	Western Trust	9
Bank of Scotland	9	• Guinness Mahon	9	Westpac Bank Corp	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Barclays Bank	9	• Hambros Bank	9	Yorkshire Bank	9
Benchmark Tst Ltd	9	Heritable & Gen. Tst	9		
Beneficial Trust Ltd	10	• Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
• Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Canada Permanent	9	• Morgan Grenfell	9		
Cayzer Ltd	9	Mount Credit Corp. Ltd	9		

• Members of the Accepting Houses Committee. * 7-day deposits 4%. Sanwise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. * Mortgage base rate. § Demand deposits 3.99%. Mortgage 11.25%.

FT CROSSWORD PUZZLE NO. 6,359

PROTEUS



ACROSS

1 Revolutionary underground poet going out with society girl (9)
6 Plant supplying drink (5)
9 The question of children (5)
10 Prized ruse employed in trade negotiations (9)
11 No longer private attempts on populace? (4, 6)
12 Blow to novice in trench (4)
14 Where Lawrence had first attempts (7)
15 Welshman getting support over gospel (7)
17 Beams on getting right dessert (7)
19 Vessels for distilling answers (7)
20 Island in main channel (4)
22 Currently *supplying* cabin meals perhaps (5, 5)
25 Clamp on meeting of two ships' complements (9)
26 Measures leading to slippery slope (5)
27 Condescends to hear North Europeans (5)
28 Drink turning lover into glutton (9)

DOWN

1 Cheating in acting (5)
2 Moderately outstanding sculpture of flies tormenting bear? (3-6)
3 Transgresses in ordering rest permits (10)
4 Lacking power to become famous (7)
5 Recluse appearing before time perhaps (7)
6 Tolerable appeal—nil result (2-2)
7 Play on the French rejection of the country (5)
8 During which magician is not at his best? (3, 6)
13 Word descriptive of special trip (not Sunday) (10)
14 Shunting trains he would find dull (9)
16 Italian responsible for a G.I. bridal? (9)
18 Bird using box on line (7)
19 Restoration Frenchman rejecting litigation (7)
21 Clergyman's rule (5)
23 Some make us nervously return to follow (5)
24 *They may strike fatally* when followed by second thoughts (4)

Solution to Puzzle No. 6,358

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

	Bid Price	Offer Price	+ or −	Yield Gross
Abbey Unit Tst. Mngrs. (a)				
80 Holdenhurst Rd, Bournemouth 0345 717373				
High Income				
American Income	53.4	56.8	+0.9	4.61
Gilts & Fixed Int.	113.2	119.7	−0.7	10.05
High Inc. Equity	135.0	143.6	+0.5	3.62
Worldwide Bond	192.3	204.5	+0.8	4.74
Capital Growth				
American Growth	174.0	185.1	+3.3	0.69
Asian Pacific	80.7	85.8	+0.9	1.84
Assets & Emgs. Tst.	172.2	183.1	+0.2	1.22
Capital Reserve	72.0	72.5	+0.1	1.39
Commodity & Energy	163.9	174.3	−3.5	0.51
European Capital	91.9	97.7	+0.8	1.38
General	187.6	199.5	+0.3	2.25
Japan	93.2	99.1	−3.0	0.0
Mastertrust	84.7	90.0	+0.3	1.52
UK Growth Acc Units	246.4	262.1	+0.4	0.75
UK Growth Dist	169.6	180.4	+0.3	1.09
U.S. Emerging Cos.	57.6	61.2	+0.5	1.78
Income & Growth	292.7	311.3	+2.7	2.26

Henderson Administration—Contd.
Exempt Funds

High Income	172.1	181.2	−0.5	3.90
Smaller Cos.	201.5	212.1	+0.8	1.16
European	126.3	132.9	+1.6	1.26
Japan	192.6	202.5	−6.4	0.07
American	94.7	99.7	+0.6	1.57
Global Tech	94.9	99.9	+1.0	0.12
Pacific Ex Tst	220.7	232.3	.....	1.23

Nesmoss Unit Trust Managers Ltd
9-17 Perrimont Rd, Haywards Heath, W Sussex 0444 412265

Caversham Fund	123.0	130.9	.....	—
Caversham Extra Inc.	100.8	107.2	.....	—

Hexagon Services Ltd
28 Western Rd, Romford RM1 3LB 0708 45322

Arst Fnars	212.8	221.7	—	0.86
Canada Gro.	95.5	102.6	.....	1.79
Capitall Fund*	119.9	122.6	.....	1.69

*Dealing Day Wednesday

Highcliffe Unit Trust Management Limited
65, High St, Lymington, Hants. SO41 9AL 0590 71234

Highcliffe Gth June 17	25.9	27.7	.....	4.00

Brown Shipley & Co Ltd (a)(g)

Brycourt Unit Trust Mgmt Ltd(a)(c)(d)

Buckmaster Management Co Ltd (a) (c)
The Stock Exchange, London EC2P 2JT 01-588 2868

FS Investment Managers Ltd
190 West George St, Glasgow 041-332 6462

Fidelity Investment Services Ltd
River Walk, Tonbridge TN9 1DY

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01 280 2060

American Growth	109 3	115 6	+1 1	1.23
(Accum Units)	114 5	121 1	+1 1	1.23
British Blue Chip Fund	51 4	54 3	-0 1	2 30
(Accum Units)	51 4	54 3	-0 1	2.30
American Sm Cos Fd.	51 7	54 7	+0.8	0 44
(Accum Units)	51 7	54 7	+0.8	0 44
American Income	51 9	54 9	+0.2	4 05
(Accum Units)	56 7	59 9	+0 3	—
European Growth	137.8	145.8	+0.5	0 66
(Accum Units)	142.7	150 9	+0 5	—
European Income	78 1	82.6	+0.5	3.73
(Accum Units)	81 9	86 6	+0 9	—
General	361.2	382.2		—
(Accum Units)	599.9	634.8	-0 1	—
Gilt	89.0	89 0	-0.6	7.38
(Accum Units)	106.0	106.5	-0.6	7.38
Global Fund	49.0	51.8	-0.3	0 70
(Accum Units)	49.0	51.8	-0.3	0.70
High Interest Fund	47.8	50.5	-0.2	8.92
(Accum Units)	48.6	51 4	+0.3	8 92
High Income Fund	51.3	54.2	-0 1	4.85
(Accum Units)	51.5	54.6	-0.1	4 85
Income	118.0	124.8	-0.5	3 40
(Accum Units)	135.3	143.1	+0 6	3 40
International	294.0	311.1	-1.2	—
(Accum Units)	367.9	389.3	-1.5	—
Japan	215.7	228.2	-0.1	0.40
(Accum Units)	221.5	234.3		0.40
Pacific Fd.	52.7	55.7	+0.2	—
(Accum Units)	52.7	55.7	+0.2	—
Recovery	303.0	320.6	+2.5	2.21
(Accum Units)	329.5	348.6	+2 7	2.21
UK Smaller Co's Fd.	51.4	54.3	+0.2	1.04
(Accum Units)	51.4	54.3	+0.2	1.04
Exempt May 27	353.6	362.6		—
(Accum Units)	553.8	568.0		—

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	60.1	63 9	+0.5	4 69
Accum Units	59.6	63.4	...	4 73
UK Growth Fund Acc	61.8	65.7	+0.4	1.52
Global Income Fund	49.3	52.4		3.82
Accum Units	49.3	52 4		3 82
Global Growth Fund	47.1	50.0	-0.4	0.51

Midland Bank Group UT Mngrs. Ltd

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst	77.5	82 0	+0.4	0.37
Holborn Equity Income	69 0	73 0	+0 2	3 52
Holborn Equity Tst	571 8	605 0	+0.8	2 23
Holborn European Tst	112 7	119 2	+1.3	0 70
Holborn Gilt Tst.	214.2	229 1	-1.6	2 13
Holborn High Inc Tst	84 6	89 5		4.82
Holborn Intl Grth Tst	116 8	123 5	-0.6	0.71
Holborn Japanese Tst	132 6	140.5	-3.7	0 04
Holborn N. Amer. Tst	92.0	97 3	+1 1	0 50
Holborn Sm Cos Tst.	75.1	79 4		1 46
Holborn Spec Sits Tst	97 3	102 9	+0.1	1 42
Holborn UK Growth Tst.	113.8	120.4	-0.1	1.56

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen Fd.	651.2	689.3	..	—
Quadrant Income	329.8	349.0		—
Quadrant Int'l Fund	442 0	467.8	+12.0	1.07
Quadrant Spec. Sits.	421.2	445.8	—	—

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	236.1	251.1	-0.6	3.29
Reliance Unit Tst (Inc)	160.3	170.5	+0 1	1.90
Reliance Ut Tst (Acc)	215.8	229 4	.	1.90

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	49.4	51 9	.	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2981/4

NC America (Inc)	322.2	342.7	+4.3	0.82
NC America (Acc)	351 9	374.3	+4 7	0.82
NC Inc Fd	122.5	130.3	-0.2	—
NC Japan Fd	209.6	222.9	-4 9	—
NC Major UK Cos Fd.	70.8	75.3	+0.2	—
NC Smlr Australian	88.0	93.6	+3.3	0.47
NC Smlr Canadian CoFd	47 9	50 9		—
NC Smaller Cos	228.2	242 7	+0.4	—
NC Smaller European	192.7	205.0	+2.1	—
NC Prop.*	155.1	164 5	.	5.5

*Unauthorised Unit Trusts

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

The Norminster Group
71, London Rd, Peterborough, PE2 9BB 0733 42200

Mngd. Scot Mut	133.9	141.0		—
Pen Scot Mut	124.2	130.8		—
Man-Schroder	119.0	125.2	-0.3	—
Pen Man-Schroder	127.2	133.8	-0.6	—
Man Target	138.6	145.9		—
Pen Man Target	69.1	72.8		—
Man Scot Equit	99.2	104.4		—

O'Halloran & Co/Countrywide
c/o 41 Broadway, Peterborough, PE1 1SJ 0733 44830

Managed Fd	136.8	144.0		—

PBR Fund Management Ltd.
146a Queen Victoria St, EC4V 5AP 01-236 4070

Flexi-Bond	157.0	165.0	+0.2	—
Flexi Pension Bond	151.4	159.0	+0.8	—
Managed Bond	116.2		-0.3	—
Managed Pension	122.2		-0.4	—

The Porchester Group
91 Wimpole Street, London W1M 7DA 01-493 9090

Porchester Managed Funds				
Albany (z)	127.90	134.60	-0.3	—
Cornhill (z)	111.00	117.00		—
Irish Life (z)	133.3	140.4	+2.7	—
Royal Heritage (z)	110.20	116.10		—
Schroder (z)	107.10	112.70	-0.3	—
Skandia (z)	127.30	134.00		—
Target (z)	131.90	138.90	+0.1	—
Trident (z)	129.90	136.80	+0.2	—
Porchester Managed Pension Funds				
Albany (z)	144.10	151.60	-1.0	—
Schroder (z)	105.80	111.30	-0.3	—
Skandia (z)	138.40	145.60		—
Target (z)	130.0	136.9	+0.1	—

Issued by Porchester Securities Limited

Roxborough Financial Services Plc
5-11 Fetter Lane, London, EC4A 1PH. 01-353 4040

Managed Fd (MI)		114.5	-0.4	—
Pension Managed (MI)		103.7	-0.4	—
Multi Trust Fund (SK)	99.0	104.2	-0.4	—

Sharp (Albert E.) & Co
12 Newhall Street, Birmingham B3 3ER 021-236 5801

Man-Clerical Med	149.2	157.1		—
Pens Man-Schroder	627.3	660.3	-0.7	—

Towry Law & Co
57 High St, Windsor, SL4 1LX 0753 868244

Albany Life				—
Clerical & Medical (z)	118.5	124.8	-0.4	—
Guardian Royal Exch.	106.2	111.8	-0.9	—
M&G Ass (Life)	129.3	135.8		—
M & G Ass (Pens)	156.7	164.6		—
N. M. Schroder	108.5	114.3	+0.4	—
N. M. Schroder Pens	114.6	120.6	+0.4	—
Norwich Union Ass Mgt	58.9	62.0	-0.3	—
Royal Life (UnitLok Ass)	121.8	128.2		—
Scot Equitable (Life)	164.9	173.6		—
Scot Equitable (Pens)	116.5	[illegible]		—

Bridge Management Ltd
GPO Box 590, Hong Kong

N'bishi Jun 16	Y6420.00	6590.00	+210	—
Nippon Fund Jun 17	$99.08	103.40	-3.53	—

Bridge Singapore Asset Mngmnt Ltd
GPO Box 590, Hong Kong, 5-8435774

S & Mly T	$11.55	12.08		10.85

Brown Shipley Fund Mgmt (CI) Ltd
PO Box 583, St Helier, Jersey 0534 74777

Sterling Bd Fd (Daily)	£10.71	11.06	-0.09	9.02
Sterling Cap (Daily)	£23.32	29.34	-0.01	—
Intl. Bond (Daily)	$16.01	16.95	-0.35	3.53
Int Currency (Wed)	£1.41			—

Butterfield Management Co Ltd
PO Box 195, Hamilton, Bermuda (809-29) 51111

Buttress Capital		$15.44		—
Buttress Equity Acc.	$7.79	8.12		—
Buttress Inc Acc.	$4.74	4.90		—

CAL Investments (IoM) Ltd
16 St Georges Street, Douglas, IoM 0624 20231

CAL C & C*	56.9	59.9		—

*Dealing: Monday. **Dealing: daily

CMI Financial Mngmt Services Ltd
Clerical Medical Hse, Douglas, Isle of Man. 0624 25599

Safeguard Portfolio	95.1	100.1		—
Growth Portfolio	95.1	100.1	-0.5	—
Enterprise Portfolio	95.0	100.0	-0.6	—

CRC Asset Management Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

CRC Balanced Growth Fund—May 29				
Far East Cl.	$19.42	20.39		—
International Cl.	$13.16	13.78		—

Capital International
43 Boulevard Royal, Luxembourg

Capital Int. Fund		80.92	+0.41	—

Cater Allen Investment Management (CI)
29a Broad St, St Helier, Jersey, CI 0534 78898

CA Dollar Inc Fd	10.19	10.20		6.67
CA Gilt Edg Fd.	13.52	13.60		10.29

Charterhouse Bank
1 Paternoster Row, London EC4 01-248 4000

Emperor Fund	$17.35	18.28		0.10
Euro Global Inc Fd.	$98.85	103.84		9.48

Charterhouse Fund Mngt. (C.I.) Ltd
Charterhouse Bldg, Bath St, Jersey 0534 79437

Charterhouse International Capital Fund Limited				
£ Sterling		£17.06	+0.01	[illegible]
US$		$15.11	+0.01	6.08
D Marks		DM49.96		[illegible]

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

هكذا منه الأصل

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for October 1986: 388.4 and for May 1987: 101.9 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1987 High	1987 Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
45	42	Greek 7pc Ass.	42xd	....	3.50	f8.33
45	40	Do. 6pc 28 Stb. Ass.	40	..	3	f7.50
47	45	Do 4pc Mixed Ass.	47	....	2	f4.26
65	58	Hung '24 Ass.	63		2.75	f4.37
146½	122¾	Hydro Quebec 15pc 2011	139¼xd	−⅞	15.00	10.44
94	83	Iceland 6½pc '83-88	94xd	...	—	—
136¼	115½	Do. 14½pc Ln. 2016	128½	−1⅛	14.50	11.16
103½	94	Ireland 9¾pc '91-96	101⅝	.	9.75	9.45
98½	93	Japan 6% '83-88	98	...	—	—

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30½	22⅞	Sara Lee $1	28⅝xd	+¼	$1.00	—	2.1
11½	8½	Saul (B. F.) $1	9½	+⅛	20c	—	1.2
26¼	19⅞	Southwestern Bell $1	24½	+⅛	h$2.32	—	5.8
17⅞	14¼	Staley Continental	17	+¼	80c	—	2.9
44½	36⅝	Sun Co. Inc. $1	40½xd	+½	$3.00	—	4.5
37	28½	TRW Inc $1¼	33½	+½	h$1.60	—	2.9
31	25⅞	Tenneco $5	30¼	+⅝	$3.04	—	6.1
187½	149½	Do 10pcLn.Sk. 91-5	187½xd		10%	—	f5.5
26¼	17½	Texaco $6.25	23⅝xd	–⅛	$3.00	—	7.8
61⅝	47⅛	Time Inc. $1	61⅝	+¾	$1.00	—	1.0
14½	11	Tracor $0.33	13	+⅛	40c	—	1.9
24⅝	18⅞	Transamerica $1	22⅝xd	+⅛	$1.76	—	4.8
11¼	922p	Transworld Corp $5	11¼	+⅛	20c	—	1.1
44½	29¼	TRINOVA Corp.	44½	+1¼	h$1.00	—	1.4
19½	15½	♦USX $1	19⅞	+¼	$1.20	—	3.7
18¼	15½	Union Carbide $1	18½		$1.50	—	5.0
35½	26⅞	Utd. Technologies	30⅞	+½	$1.40	—	2.8
38⅝	27	US West‖	33½	+½	$3.28	—	6.0
25	17¼	Waste Management $1	25		—	—	—
£22⅛	£20½	Whirlpool $1.0	£22⅛	–¼	—	—	—
33½	26	♦Woolworth $3½	32¼	–¼	$1.32	—	2.5

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
21p	10p	♦Abbot Energy Corp	21p	+½	—	—	—
25¼	10⅛	♦Amer. Barrick Res.	21½	+½	—	—	—
122p	52p	Armeno	90½p	+1½	—	—	—
19⅛	14⅝	Bk. Montreal ‖	15⅝	+⅛	$2.00	—	5.9
10½	745c	Bk. Nova Scot.‖	830p	+12	72c	—	4.0
20⅝	18	BCE ‖	19½	+⅛	$2.40	—	5.7
960p	712p	♦Bow Valley‖	872p	+48	40c	—	2.1
19¼	12⅝	♦Brascan‖	16½	+1	88c	—	2.5
609p	277p	♦Breakwater Res.	395p	+7	—	—	—
11⅝	894p	Can. Imp Bk. $2	10⅛xd	+⅛	$1.08	—	4.9
12	865p	Can Pacific ‖	11½	+⅛	48c	—	1.9
42½	37½	Do 4pc Deb £100	41½xd		4%	—	9.6
27½	15⅛	♦Echo Bay Mines	22½	+½	20c	—	0.4
170p	66p	Euro-Asia Canital Ltd.	167p	+3	—	—	—
733p	283p	Galactic Resources	512p		—	—	—
69p	32p	Global Data Systems	48½p	+1	—	—	—
873p	399p	♦Granges Explnl‖	630p	+13	—	—	—
18½p	10p	♦Gt Pacific Res.	16½p		—	—	—
14½	781p	♦Gulf Canada‖	13⅞		52c	—	1.8
13¼	10	♦Hawker Sid Can‖	12⅛	+⅛	96c	—	3.6
740p	460p	Hendys Group	512p	+9	—	—	—
14⅛	10⅛	Hudson's Bay ‖	10⅝	–⅛	60c	—	2.6
34½	24½	♦Imperial Oil‖	34	+1⅛	s$1.60	—	2.2
11⅝	783p	Inco‖	11⅝xd	+⅛	US$0.20	—	1.1
25½	14¼	♦Intl. Corona Res.	18	+½	—	—	—
687p	575p	♦Inland Nat. Gas $1	685p	+11	60c	—	4.0
363p	158p	♦Muscocho Explm	240p		—	—	—
10	748p	♦Natl Business Syst.‖	890p	+20	—	—	—
12	927p	♦Rio Algom	975p	+15	$1.30	—	6.1
19⅛	14⅛	Royal Bk. Can. ‖	15½	+⅛	$2.00	—	5.9
49½	40¼	Seagram‖	47⅝	+1⅛	US$1.00	—	1.3
14¾	11½	Toronto-Dom. Bk.‖	13⅛	+⅛	84c	—	2.8

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
90	21	♦Colby Res Corp.	56	+1	—	—	—
*295	127	Cons. Murch 10c	225	....	Q60c	4.4	8.3
*70½	37½	♦Ennex. Int. Ir10p.	55ø	..	—	—	—
318	151	Greenwich Res.	288	−10	—	—	—
£12¼	963	Hemlo Gold Mines	£10⅛	−⅛	—	—	—
355	189	♦Highwood Res.	280	+6	—	—	—
£25⅞	£16½	Homestake Mining $1	£21¼	+⅛	Q20c	—	0.6
442	150	♦McFinley Red Lake	350	+7	—	—	—
166	86	♦Mosto Explorations	135		—	—	—
100	37½	♦New Sabina Res C$1	77	+2	—	—	—
580	200	Northgate C$1	445	+8	—	—	—
237	104	Nor-Quest Resources	143	....	—	—	—
£11¼	698	RTZ	995	+7	23.5	♦	—
£239¼	£113½	Do. 9½pcLn '95-2000	£202¼	+1½	Q9½%	15.5	4.8

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
465	180	Abelscot Group 10p	455	....	3.5	2.7	1.1	48.9
35	28	Aberdeen Air Pet 20p	33	....	—	—	—	—
125	110	Allied Ins. Brokers	122	....	13.5	2.5	4.0	14.2
15½	9	Ardmore Pet. 'A'	12	....	—	—	—	—
77	45	Catalyst Comms. 5p	70	....	—	—	—	29.1
200	168	Chelsea Artisans 5p	180	....	—	—	—	24.1
98	47	Corton Beach 10p	96	+8	0.4	♦	0.6	♦
200	150	Crown Eyeglass 5p	185	−10	—	—	—	—
225	102	Edenspring Investment	220	....	—	—	—	—
*62	18	Eglinton Oil Ir.5p	28	−1	—	—	—	—
41	27	Do. Warrants	29	....	—	—	—	—
69	17	Publishing Hldgs.5p	69xr	+7	—	—	—	40.0
66	45½	Theme Holdings	62	−2	1.0	♦	2.2	♦
140	111	Unit Group	140xd	....	R4.6	2.5	4.5	(10.0)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	83	..	Fin. 13% 97/02	£110¼	....
Craig & Rose £1	£17¼		Arnotts	335	....
Finlay Pkg. 5p	104	+3	CPI Hldgs.	57	....
Holt (Jos) 25p	967	..	Carrol Inds.	248	....
IoM Stm. £1	120	+2	Dublin Gas	18	....
			Hall (R. & H.)	103	+2
IRISH			Heiton Hldgs.	41	....
Fund 11¾% 1988	£100¾	....	Irish Ropes	165	....
Nat. 9¾% 84/89	£98½	...	Unidare	375	....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd	65
BOC Grp	45	Plessey	22
BSR	17	Polly Peck	28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	55	TSB	10
Brit. Telecom	32	Tesco	55
Burton Ord	35	Thorn EMI	70
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	28
Comm Union	30	Unilever	300
Courtaulds	45	Vickers	20
FNFC	30	Wellcome	42
Gen Accident	95	**Property**	
GEC	24	Brit Land	25
Glaxo	200	Land Securities	45
Grand Met	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	**Oils**	
GKN	30	Brit Petroleum	32
Hanson Tst.	25	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	110
Legal & Gen.	32	Tricentrol	11
Lex Service	45	Ultramar	24
Lloyds Bank	50		
Lucas Inds	62	**Mines**	
Marks & Spencer	22	Cons Gold	95
Midland Bk	55	Lonrho	26
Morgan Grenfell	35	Rio T Zinc	90

A selection of Options traded is given on the London Stock Exchange Report Page.

Government bonds and equities suffer renewed losses as the pound gives ground

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jun 1	Jun 11	Jun 12	Jun 22
Jun 15	Jun 25	Jun 26	July 6
Jun 29	July 9	July 10	July 20

* New time dealings may take place from 9.00 am two business days earlier.

A weak pound, and a lack of foreign interest, undermined the UK securities markets yesterday, and a nervous session ended with equities slipping lower in the wake of losses of 1½ points in Government bonds. Selling remained moderate but the City's concern over interest rate and inflation prospects increased as yields on long-dated British Treasuries moved significantly above 9 per cent.

The equity sector was less decided in its response to the interest rate worries, and spent much of the day "trying to find a new trend," as one trader put it. Prices opened firmer and the market moved within a range of plus or minus five points on the FT-SE scale until late in the session, when prices turned downwards.

The FT-SE 100 index closed 21.5 down at 2,244.6, with 18 points of the loss occurring after 4.00pm. The loss on the FT Ordinary was 21.3 points, bringing a final reading of 1,737.0.

The indexes were sustained to some degree by firmness in a few major stocks. **Imperial Chemical Industries**, **Reed International**, **Unilever**, and **Midland Bank** all helped brighten the picture.

Oil shares also performed well for much of the session, as Texas crude prices moved above $20 a barrel ahead of this week's meeting of Opec ministers. But transatlantic stocks drew little benefit at the close from early gains on Wall Street.

With equity traders still trimming positions in markets devoid of foreign buyers, share prices gave ground at the close. Glaxo again suffered heavily for its identification as the favoured stocks of the Japanese houses.

The privatisation issues were also mostly easier, with **British Gas** continuing to give ground. The announcement of details for the forthcoming sale of British Airports Authority did nothing to help **British Airways** shares. **British Aerospace**, however, rebounded after two weak trading sessions.

Industrial shares benefited at first from a confident report from the Confederation of British Industries but soon succumbed to the underlying weakness of the market.

Government bonds opened lower as the LIFFE futures market sagged in the face of a weak pound. Attempts to rally proved unsuccessful, and prices slid heavily at the close, to end with net falls of 1½ points.

Business was largely led by the futures markets, and dominated by the pound's fortunes. Traders sounded increasingly nervous as long bond yields moved up to 9.22 per cent, and resistance levels in both futures and cash markets were brushed aside. City houses hope that 9¼ per cent yields will provide a floor for the market, but admitted that there had been no retail support yesterday as these levels drew near.

Midland Bank closed 10 higher at 623p following weekend Press suggestions that the company would soon move to alleviate its overseas debt position; the City still expects a major rights issue from the group which is thought to be the most heavily exposed to third world debtors.

The Midlands Bank share price was at one stage boosted to 630p by strong rumours that TSB was about to acquire its Thomas Cook subsidiary, but a Press conference subsequently revealed that TSB had agreed to acquire private financial services group Target for some £220m cash. TSB closed 2 higher at 78½p. TSB's interim figures are due on Thursday.

ICI, finally ⅛ higher at £14¾, after £15, provided one of the day's outstanding firm features following the agreement to sell the speciality chemicals business of Stauffer Chemical to Akzo America Inc.

ICI bought Stauffer from Unilever a couple of weeks ago and intimated at the time that it had approaches for the unwanted Stauffer businesses; analysts expect that ICI will raise a further $400m from the sale of further peripheral Stauffer businesses.

Reed International continued to resist the trend, jumping 28 more to 604p in another active trading session (around 13m shares changed hands) as rumours of a possible takeover failed to subside despite the company's statement that they have not received any bid approaches.

Marketmakers found it difficult to identify the source of demand, but suggestions that the US investment bank First Boston may be purchasing shares in Reed as a prelude to a bid from Harcourt Brace Jovanovich in an effort to thwart the offer for the latter from Mr Robert Maxwell's British Printing and Communications Corporation were not ruled out of court.

Apart from the erratic movement of the Midland Bank share price, the other major clearing banks moved within narrow limits in relatively thin trading. **NatWest** drifted off to close 10 cheaper at 718p.

Rea Brothers attracted buyers at 130p, up 20, while **Hambros** firmed 5 to 310p ahead of results due soon.

Composite Insurances succumbed to light profit-taking, **Commercial Union** easing 8 to 347p and **Royals** losing 14 at 474p. Life issues also gave ground after the recent good run with **Pearl** 35 down at 379p and **Prudential** ¼ lower at £10¼. **Abbey Life** remained on offer at 257p, down 9. Lloyds brokers went ahead on currency influences, **Stewart Wrightson** rising 18 to 461p and **Willis Faber** edging up to 443p. Dealings in **Hogg Robinson** were suspended at 560p at the company's request pending details of a company restructuring.

Elga Group, a designer and manufacturer of water purification systems, staged a highly successful market debut; the shares, placed at 95p, opened at 113p and advanced to 125p, a first-day premium of 30.

USM newcomer **Sianco Exhibitions** were also supported in first-time dealings and moved up from an opening price of 31p to close at 37p which compares with a placing price of 20p.

Leading Building issues were hit by nothing more than a slow downdrift owing to lack of support. **Blue Circle** slipped 16 to 469p, while **Redland** gave up 8 at 527p. **BPB Industries**, preliminary figures due on Thursday, shed 16 to 804p, while **Tarmac** softened 7 to 288p. **Magnet and Southerns** remained overshadowed by the recent rights issue proposal and closed 13 down at 327p. Elsewhere, **Bett Brothers** gained 9 to 126p in reply to Press coment; the interim results are due on Thursday.

Worries over the longevity of current interest rates, brought about by sterling's uncertain performance, led to lower levels throughout leading high street retailers. In a sensitive market, double-figure losses were sustained by **W. H. Smith A**, 368p, and **Woolworth**, 401p, the latter despite a "long-term buy" recommendation from securities house BZW. **Next** shed 16 to 334p despite comment on its children's wear chain which is scheduled for a September launch. In sharp contrast, Press mention prompted a substantial gain by **House of Lerese**, finally 86 dearer at 381p, while **James Beattie A** closed 20 up at 173p as Sir Eric Pountain was appointed to the chair. Buyers were also evident for **Martin Ford**, another 11 dearer at 171p on hopes of imminent asset injection developments. **Wooltons Betterware**, on the other hand, lost 14 of recently acquired gains to 183p; the annual results are expected on Thursday.

Trading in the Electrical leaders remained brisk. **Plessey** settled with a gain of 4 at 227½p in a volume of 10m, while **GEC** (8.3m) ended that amount lower at 243p. Awaiting today's preliminary figures, **Racal** slipped 6 further to 251p in a volume of 6.5m shares. Elsewhere in the sector, **Volex** responded to the better-than-expected annual results with a gain of 12 at 357p, while **Soundtracs** firmed 5 to 78p on the interim statement. **Real Time Control** gained 10 more to 163p, but **Amstrad** fell 11 to 161p following a report that the company may make a counter offer for the Fergusson television subsidiary of Thorn EMI.

Among the occasional movements in the Engineering sector, **James Neill** responded to favourable Press mention with a gain of 7 at 253p. Renewed speculative demand left **Deritend** 10 higher at 423p and **S. W. Wood** 16 dearer at 118p.

Foods, one of the more lively sectors in the earlier part of the current Account, traded in disappointing fashion. Most leading counters appeared content to drift gently from the pre-weekend levels, a trend illustrated by **Argyll**, 6 off at 471p ahead of Thursday's preliminary figures, and **J. Sainsbury**, finally 7 down at 574p on further consideration of the placing and proposed purchase of the outstanding interest of US-based Shaw's Supermarkets. Elsewhere, occasional speculative interest lifted **J. England** 12 to 193p, but last week's "no bid approach" statement from the company left **E. T. Sutherland** another 9 cheaper at 83p.

Trusthouse Forte eased a couple of pence to 258p ahead of Thursday's half-timer; BZW anticipate profits of around £40m while Wood Mackenzie foresee a better performance with £43m as the target.

The majority of leading miscellaneous industrials settled with small losses on the day after fluctuating undecidedly. **Pilkington**, however, dipped 26 to 927p on profit-taking although the volume of trade was only small. Elsewhere, **Pearson** closed 8 higher at 670p on news of the sale of the freehold of Bracken House, headquarters of the Financial Times, to Obbayashi Europe BV for £143m cash. **British Aerospace** took a distinct turn for the better and rallied to close 11 higher at 544p in a volume of 3.5m shares. Favourable weekend Press mention stimulated demand for **EIS** which rose 15 to 343p, while satisfactory preliminary figures left **Whitecroft** 5 better at 324p. **Charter Consolidated**, a good market last week, ran back 31 to 409 awaiting tomorrow's annual statement. **Bodycote** were quoted ex scrip issue at 327p. Late offerings left **Reuters** 22 down at 787p.

Motor Distributors again attracted support amid revived hopes of further rationalisation within the sector. **Lookers**, a buoyant market of late, remained to the fore and put on 5 more to 440p with **T. Cowie**, unchanged at 677p, still regarded as the most likely suitor. Buyers also showed fresh enthusiasm for **Jessups**, 11 dearer at 213p, after 218p, and for **C. D. Bramall**, 5 better at 445p. Favourable comment lifted **Appleyard** 9 to 340p. Components succumbed to the market's general trend with **Lucas**, firm last week in response to the sale of the lighting division to Fiat, reacting 19 to 661p. Easier values also prevailed in **Kwik-Fit**, 5½ off at 212½p, and **Dowty** 4 lower at 274p, the latter's annual results are scheduled for next Monday with Chase Manhatten Securities anticipating pre-tax of £55m.

The Property leaders came under late selling pressure and **Land Securities** settled 9 lower at 522p, while **MEPC** finished 10 down at 495p. **Hammerson A** were finally 8 off at 605p, while **Greycoat**, preliminary figures due on Thursday, shed 8 to 410p. Elsewhere, **Sheraton** gained 7 to 107p in reply to Press comment. **Citygrove** rose 34 to 303p reflecting the successful tender for a North London property development.

Several Textile issues moved against the trend, but profit-taking after the preliminary figures left **Drummond** 16 cheaper at 210p. In contrast, demand for **Corah**, up 18 further at 126p, persisted following the recent management reorganisation. **Palma Group** were noteworthy for a gain of 8 at 94p along with **SEET**, 10 to the good at 158p. **J. Crowther** hardened a couple of pence to 220p after news of the acquisition of a US floor covering company for £35.4m.

Trusts continued to drift downwards uneasily as the softness in equities cast a cloud over net asset values. There was little selling, however, and traders characterised the sector as "nervy" rather than weak.

Caledonia Investments jumped 42 to 369p as **British and Commonwealth Holdings**, up 11 at 462p, paid £427.5m for Caledonia's stake in its equity.

Gold mining shares took a sharp knock following bearish comment on the outlook for bullion prices in a leading US business magazine. With the bullion price down to $537 at one time, losses in gold shares drove the FT Gold Mines index down by 13.4 to 376.7. **Con Gold** fell heavily.

However, selling pressure was not heavy, because dealers succeeded in marking prices down before the would-be sellers arrived. Easier trends in the Cape set the scene for London's shake-out, which was steadied towards the close by a relatively good performance in New York.

Traded options

Relatively subdued activity in the underlying securities resulted in a similarly uninspiring sesson maong traded options. Total contracts struck amounted to 42,774, made up of 30,341 calls and 12,433 puts. Operators, whose attentions had recently centred on privatised "election" stocks, directed their interests to **Bat**, **GEC** and **Hanson Trust** positions instead. The FT1SE 100 index contributed 1,142 calls and 2,083 puts.

Traditional Options

- First dealings June 8
- Last dealings June 19
- Last declaration Sept 10
- For Settlement Sept 21

For rate indications see end of Unit Trust Service

Stocks dealt in for the call included **Martin Ford**, **Hampton Trust**, **Chloride**, **Atlantic Resources**, **Norfolk Capital**, **NEI**, **Stormguard**, **Rotaprint**, **Rolls-Royce**, **Fobel**, **Waterford Glass**, **Christy Hunt**, **Reed International**, **Arenson**, **Lanca**, **Greenwich Resources**, **Trimoco**, **Pavion**, **Amber Day**, **Abaco**, **Jove Capital**, **Weir Group**, **British Gas**, **Bula Resources**, **Property Trust**, **Sound Diffusion**, **Ossory**, **Benjamin Priest**, **Tie Rack** and **Amstrad**. Puts were arranged in **Norfolk Capital** and **Hawley**, while double options were transacted in **Minet**, **Howden** and **Rock**.

FINANCIAL TIMES STOCK INDICES

	June 22	June 19	June 18	June 17	June 16	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	90.59	91.16	91.94	92.38	92.28	90.47	93.32 (8.5)	84.39 (6.1)	127.4 (9.1.35)	49.18 (3.1.75)
Fixed Interest	98.03	98.50	98.88	98.85	99.06	96.61	99.12 (15.6)	90.23 (2.1)	105.4 (28.11.47)	50.53 (3.1.75)
Ordinary ♥	1737.0	1758.3	1783.1	1801.7	1794.5	1,338.2	1,801.7 (17.6)	1,320.2 (2.1)	1,801.7 (17.6.87)	49.4 (26.6.40)
Gold Mines	376.7	390.1	383.0	380.2	388.7	208.5	485.0 (14.4)	288.2 (19.2)	734.7 (15.2.83)	43.5 (26.10.71)
Ord. Div. Yield	3.29	3.26	3.21	3.17	3.19	4.12				
Earnings Yld.%(full)	7.93	7.86	7.74	7.66	7.71	9.87				
P/E Ratio (net) (*)	15.53	15.67	15.90	16.09	15.99	12.33				
SEAQ Bargains (5 pm)	45,310	43,540	49,867	52,863	52,118	—				
Equity Turnover (£m)	—	1523.58	1582.27	1811.74	1719.75	584.47				
Equity Bargains	—	53,267	58,861	64,368	63,295	22,936				
Shares Traded (ml)	—	628.7	704.3	837.2	614.7	233.4				

S.E. ACTIVITY

Indices	June 19	June 18
Gilt Edged Bargains	143.2	135.2
Equity Bargains	345.1	381.4
Equity Value	3079.5	3198.2
5-Day Average		
Gilt Edged Bargains	145.3	159.9
Equity Bargains	400.2	427.6
Equity Value	3375.4	3714.6

♥ Opening 1753.6 | 10 a.m. 1757.5 | 11 a.m. 1753.3 | Noon 1751.2 | 1 p.m. 1750.0 | 2 p.m. 1752.3 | 3 p.m. 1756.7 | 4 p.m. 1750.9

Day's High 1760.8. Day's Low 1737.0. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil=15.22.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (198)

AMERICANS (16), CANADIANS (1), BANKS (3), BREWERS (2), BUILDINGS (10), CHEMICALS (9), STORES (7), ELECTRICALS (13), ENGINEERING (10), FOODS (3), HOTELS (1), INDUSTRIALS (41), INSURANCE (3), LEISURE (7), MOTORS (4), NEWSPAPERS (2), PAPER (6), PROPERTY (8), SHIPPING (2), SHOES (1), TEXTILES (6), TRUSTS (34), OILS (7), PLANTATIONS (1), THIRD MARKET (1).

NEW LOWS (4)

BRITISH FUNDS (2) Treas. 8pc 1992 Treas. 8pc '02/'06 'A'. ELECTRICALS (2) Druck Hldgs, F & H Group.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	2,900	179	−6	Ladbroke	859	426	−6
Allied Lyons	728	417	−5	Land Securities	1,300	519	−13
Amstrad	5,200	161	−11	Legal & Gen.	1,800	334	−15
Argyll Group	2,300	471	−6	Lloyds Bank	933	597	−2
Assoc. Brit. Foods	201	405	−3	Lonrho	890	268	−6
BAT	1,500	594	−3	MEPC	945	490	−15
BET	586	287	−1	Marks & Spncr	3,300	245	−9
BOC	1,000	486	−1	Midland Bank	2,700	623	+10
BPB Inds	69	804	−16	NatWest Bank	1,300	718	−10
BPCC	2,200	312	+6	Next	835	334	−16
BTR	5,300	316	−12	Pearson	1,100	670	+8
Barclays	556	573	−6	P & O	136	699	−1
Bass	498	£10	−0¼	Pilkington Bros	779	927	−26
Beecham	2,200	559	+3	Plessey	9,970	227½	+4
Blue Circle	543	469	−16	Prudential	346	£10¼	−0¼
Boots	1,800	276	−10	Racal	6,500	251	−6
Brit. Airways	2,200	144	−2½	Rank Org	213	774	−10
Brit. Aero	3,500	544	+11	RHM	812	352	−2
Brit. & Comm.	678	459	+8	Reckitt & Col	182	£11½	−0⅛
British Gas	10,000	176	−4	Redland	643	523½	−11½
Britoil	4,100	317	−5½	Reed Intl.	13,750	604	+28
BP	10,925	374	+7	Reuters	895	787	−22
Brit. Telecom	9,700	290	−3½	RMC	171	499	−1
Bunzl	1,800	265	+3	RTZ	532	995	+7
Burton	3,500	315	−12	Rolls-Royce	5,250	117	−3
Cable & Wire	2,800	406	−5	Rowntree Mac	760	526	−6
Cadbury Schwps	2,000	259½	−8½	Ryl Bank Scotland	314	352	−4
Coats Viyella	360	693	—	Royal Insurance	2,200	474	−14
Comm. Union	4,500	347	−8	STC	2,600	295	−12
Cons. Gold	675	964	−36	Saatchi & Saatchi	506	637	−11
Cookson	268	717	−9	Sainsbury	685	574	−7
Courtaulds	281	470	−1	Scott & Newcastle	831	238	−6½
Dee Corpn	1,800	294	—	Sears	9,000	155¼	−3½
Dixons Grp	2,500	366½	−8½	Sedgwick	2,000	299	+6
English China Clays	408	466	−2	Shell Trans	1,900	£13½	+0⅛
Fisons	830	373	−8	Smith & Nephew	1,450	176	−3½
Gen. Accident	665	£10¼	—	Standard Chart	164	752	−6
Gen. Elect	7,900	243	−3	Storehouse	912	287	−8
Glaxo	1,500	£16½	−0¼	Sun Alliance	982	985	−5
Globe Investment	69	181½	−0½	TSB	5,100	97½	+1
Granada	792	339	−7	Tarmac	1,100	288	−7
Grand Met	794	539	−8	Tesco	682	571	−13
Gus "A"	128	£13⅜	−0⅛	Thorn EMI	1,300	727	−13
Guardian R.E.	383	£10⅛	−0⅛	Trafalgar House	1,700	382	−10
GKN	1,100	327	−1	T'house Forte	1,700	258	−1½
Guinness	3,900	358	−3	Unigate	42	404	−9
Hanson Trust	7,100	161½	—	Unilever	258	£32⅛	+0⅛
Hawker Sidd	2,400	527	−8	United Biscuits	1,000	310	−9
Hillsdown Hldgs	7,300	290	−6	Wellcome	159	417	−6
ICI	3,400	£14¾	+0⅛	Whitbread "A"	2,000	341	+7
Jaguar	525	536	−1	Woolworth	668	401	−25

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	13	97	3
Corporations, Dominion and Foreign Bonds	3	33	23
Industrials	460	511	585
Financial and Properties	192	142	264
Oils	37	30	47
Plantations	[illegible]	[illegible]	7
Mines	32	76	80
Others	128	32	93
Totals	872	921	1,102

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon June 22 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Fri June 19 Index No.	Thurs June 18 Index No.	Wed June 17 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (213)	939.46	−1.3	7.30	2.85	17.24	9.84	952.23	961.73	963.76	729.99
2	Building Materials (29)	1212.74	−2.0	7.02	2.78	17.79	12.92	1237.67	1257.63	1267.61	793.99
3	Contracting, Construction (33)	1692.24	−1.1	7.11	2.82	18.89	19.05	1711.55	1728.44	1725.17	1219.44
4	Electricals (13)	2367.77	−0.8	5.63	3.33	23.85	31.62	2387.89	2406.99	2434.23	1934.11
5	Electronics (35)	2103.24	−1.3	7.33	2.12	17.76	12.62	2131.03	2141.23	2133.05	1654.88
6	Mechanical Engineering (60)	499.24	−0.2	8.34	3.41	15.03	7.31	500.27	503.95	503.13	413.60
8	Metals and Metal Forming (7)	524.27	−0.8	7.08	3.04	17.01	5.48	528.42	532.60	531.54	362.16
9	Motors (15)	354.90	−1.1	8.45	3.03	13.78	3.42	358.97	363.39	364.05	314.04
10	Other Industrial Materials (21)	1534.67	−2.2	6.45	3.21	18.70	18.77	1569.07	1589.06	1600.41	1324.93
21	CONSUMER GROUP (185)	1299.91	−1.3	6.12	2.57	20.94	13.05	1317.60	1339.98	1353.49	925.53
22	Brewers and Distillers (22)	1173.75	−1.2	7.99	3.01	15.74	11.65	1187.71	1212.67	1235.13	953.21
25	Food Manufacturing (25)	1013.66	−0.8	6.93	3.00	18.78	12.74	1022.25	1031.77	1044.57	680.07
26	Food Retailing (15)	2474.68	−1.4	5.29	2.33	25.81	21.12	2511.01	2589.81	2600.57	1831.76
27	Health and Household Goods (10)	2448.24	−1.2	4.13	1.63	28.39	14.62	2477.61	2525.35	2592.70	1603.42
29	Leisure (31)	1365.81	−0.6	5.84	3.11	22.53	16.11	1374.71	1390.31	1382.12	902.76
31	Packaging & Paper (15)	692.23	−0.7	6.03	2.49	20.93	7.40	696.86	697.29	693.17	486.34
32	Publishing & Printing (15)	4374.86	+1.9	5.17	2.79	24.88	54.63	4295.36	4201.25	4106.88	2542.95
34	Stores (36)	1067.46	−3.4	6.77	2.68	19.96	11.73	1105.58	1134.27	1146.50	870.09
35	Textiles (16)	797.00	−0.1	7.69	2.81	15.10	10.56	797.61	810.58	806.62	542.23
40	OTHER GROUPS (85)	1088.76	−0.3	7.86	3.19	15.84	9.74	1092.44	1108.00	1123.62	803.21
41	Agencies (16)	1563.39	−1.4	4.39	1.54	30.07	9.80	1585.92	1610.21	1628.38	0.00
42	Chemicals (21)	1375.80	+1.4	7.12	3.20	17.22	19.32	1356.17	1360.85	1365.84	907.03
43	Conglomerates (11)	1344.31	−0.3	7.80	3.40	14.65	13.73	1347.91	1360.04	1368.83	0.00
45	Shipping and Transport (11)	2227.30	−0.2	7.00	3.61	17.96	37.76	2231.52	2251.46	2267.75	1494.70
47	Telephone Networks (2)	1127.43	−1.2	8.92	3.55	14.96	1.09	1141.09	1173.60	1214.51	912.17
48	Miscellaneous (24)	1488.48	−0.6	8.86	2.95	13.52	18.08	1497.57	1512.87	1518.24	1054.10
49	INDUSTRIAL GROUP (483)	1162.70	−1.1	6.89	2.81	18.35	11.44	1175.33	1192.33	1203.21	854.31
51	Oil & Gas (17)	2237.51	+0.5	4.89	4.13	26.50	37.29	2225.83	2208.69	2216.30	1199.76
59	500 SHARE INDEX (500)	1253.93	−0.8	6.58	3.01	19.26	13.70	1264.47	1278.52	1289.11	885.34
61	FINANCIAL GROUP (118)	790.40	−1.0	—	3.71	—	12.57	797.99	807.01	814.56	597.14
62	Banks (8)	829.93	−0.6	16.69	4.52	7.92	15.49	834.80	843.77	853.43	623.37
65	Insurance (Life) (9)	1089.13	−2.9	—	3.87	—	20.71	1122.17	1144.64	1164.73	854.85
66	Insurance (Composite) (7)	589.03	−1.3	—	4.16	—	11.76	597.02	598.71	606.81	473.80
67	Insurance (Brokers) (9)	1242.43	+1.2	8.66	4.34	14.88	26.32	1228.07	1221.52	1214.93	1159.33
68	Merchant Banks (11)	402.49	+0.3	—	3.19	—	4.41	401.10	401.96	403.81	376.88
69	Property (46)	1202.22	−1.3	3.82	2.44	34.01	10.92	1217.56	1239.34	1244.28	784.12
70	Other Financial (28)	517.04	+0.2	6.41	3.07	19.64	5.42	515.76	522.16	525.33	344.26
71	Investment Trusts (93)	1069.44	+0.1	—	2.24	—	10.58	1068.05	1070.42	1072.50	752.03
81	Mining Finance (2)	487.32	−1.0	6.27	3.41	18.74	6.79	492.42	490.05	485.01	266.82
91	Overseas Traders (11)	1042.93	−0.8	8.71	4.45	13.62	22.64	1051.35	1052.56	1054.11	670.75
99	ALL-SHARE INDEX (724)	1127.96	−0.8	—	3.10	—	13.26	1137.25	1149.23	1158.35	801.50

	Index No.	Day's Change	Day's High	Day's Low	June 19	June 18	June 17	June 16	June 15	Year ago
FT-SE 100 SHARE INDEX ♣	2244.6	−21.5	2272.6	2244.6	2266.1	2293.2	2320.4	2309.0	2307.6	1622.8

FIXED INTEREST

	PRICE INDICES	Mon June 22	Day's change %	Fri June 19	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	123.36	−0.37	123.82	—	5.53
2	5-15 years	141.53	−0.99	142.95	—	7.22
3	Over 15 years	151.63	−1.13	153.36	—	6.85
4	Irredeemables	166.90	−0.61	167.92	—	6.30
5	All stocks	138.29	−0.83	139.44	—	6.64
	Index-Linked					
6	5 years	122.01	+0.04	121.97	—	1.57
7	Over 5 years	117.05	+0.90	116.00	—	1.71
8	All stocks	117.28	+0.83	116.32	—	1.69
9	Debentures & Loans	123.23	−0.67	124.06	—	5.86
10	Preference	90.33	+0.34	90.02	—	3.01

	AVERAGE GROSS REDEMPTION YIELDS		Mon June 22	Fri June 19	Year ago (approx.)
	British Government				
1	Low	5 years	8.11	8.11	7.65
2	Coupons	15 years	9.03	8.87	9.07
3		25 years	9.05	8.88	9.14
4	Medium	5 years	9.20	9.01	9.22
5	Coupons	15 years	9.27	9.12	9.39
6		25 years	9.27	9.12	9.40
7	High	5 years	9.37	9.18	9.34
8	Coupons	15 years	9.39	9.24	9.54
9		25 years	9.13	9.02	9.43
10	Irredeemables †		8.98	8.92	3.75
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	2.45	2.45	3.79
12	Inflat'n rate 5%	Over 5 yrs	3.70	3.75	3.28
13	Inflat'n rate 10%	5 yrs	2.09	2.10	2.51
14	Inflat'n rate 10%	Over 5 yrs	3.62	3.68	3.22
15	Debs &	5 years	9.82	9.78	9.99
16	Loans	15 years	10.11	10.02	10.24
17		25 years	10.20	10.10	10.31
18	Preference †		10.05	10.08	10.46

♣ Opening index 2262.1; 10 am 2267.1; 11 am 2262.8; Noon 2261.6; 1 pm 2261.3; 2 pm 2265.0; 3 pm 2268.2; 3 30 pm 2264.7; 4 pm 2263.0

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

WORLD STOCK MARKETS

AUSTRIA
[illegible]

BELGIUM/LUXEMBOURG
[illegible]

DENMARK
[illegible]

FINLAND
[illegible]

FRANCE
[illegible]

GERMANY
[illegible]

ITALY
[illegible]

NETHERLANDS
[illegible]

NORWAY
[illegible]

SPAIN
[illegible]

SWEDEN
[illegible]

SWITZERLAND
[illegible]

AUSTRALIA
[illegible]

AUSTRALIA (Continued)
[illegible]

HONG KONG
[illegible]

JAPAN
[illegible]

JAPAN (Continued)
[illegible]

SINGAPORE
[illegible]

SOUTH AFRICA
[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO
Closing prices June 22

[illegible]

MONTREAL
Closing prices June 22

[illegible]

Indices

NEW YORK
[illegible]

STANDARD AND POORS
[illegible]

N.Y.S.E. ALL COMMON
[illegible]

TORONTO
[illegible]

[illegible]

Advances 721 Declines 555

LONDON – Most Active Stocks
Monday, June 22, 1987

	Stocks Traded	Closing Price	Change on Day
Reed Intl	13.75m	604	−28
BP	10.82m	374	+ 7
British Gas	10.80m	176	− 4
Sears	9.08m	158¼	− 3½
Gen Elect	7.88m	243	− 3½
Midsummer Ridge	7.30m	288	− 6
Hanson Tr.	7.19m	161½	nch
Racal	6.50m	261	− 6
Rolls Royce	5.25m	117	− 3
TSB	5.18m	87½	+ 1

TOKYO – Most Active Stocks
Monday, June 22, 1987

	Stocks Traded	Closing Prices	Change on Day
Nippon Steel	31.25m	329	− 7
Fujitsu	21.50m	1,178	nch
Konishiroku Photo	19.63m	868	+72
Hitachi	15.85m	1,128	−30
Sanyo Electric	14.98m	513	−17
Matsushita Electric	14.32m	2,100	nch
Tokyo Gas	8.96m	1,150	−38
Cosmo Oil	8.85m	652	−14
Sony	8.79m	4,030	+110
Mitsubishi Heavy Ind.	8.05m	582	−16

**Saturday June 20: Japan market closed.

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia, All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 45

[illegible]

LONDON
Chief price changes
(in pence unless otherwise indicated)

RISES:

BP	374	+ 7
Corah	126	+18
EIS	343	+15
Ford (M.)	171	+11
Hse of Lerose	381	+88
ICI	£14⅝	+⅜
Jessups	13	+11
Midland Bnk	623	+10
Pearson	670	+ 8
Reed Intl.	604	+28
Volex	357	+12
Whitbread A	341	+ 7

FALLS:

Exch 15pc '97	£134⅝	− 1⅜
Treas. 14pc '98-01	£129⅝	−1⅞
Abbey Life	257	− 9
Charter Cons.	409	−31
Drummond	210	−16
Lnd Secs	519	−13
Lucas Inds.	661	−19
Pilkington Bros.	927	−26
Woolts Betterw.	183	−14

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33 7/8	20 1/8	AAR s	.50	1.5	24	513	u35	34 1/4	34 3/8	+ 5/8
37	21 7/8	ADT	.92	2.8	18	238	32 1/2	32	32 1/2	+ 1/2
27 3/4	16 3/4	AFG s	.16	.6	12	362	27 3/8	27	27 1/4	
22 3/8	8 3/8	AGS s			19	428	18 1/2	18 1/8	18 1/4	+ 1/8
13	6 3/4	AMCA				1	8	8	8	
9 3/8	4 7/8	AM Intl			1	839	7 3/4	7 1/2	7 3/4	
62 1/8	47 1/4	AMR			12	2289	59 7/8	59 1/8	59 1/2	+ 3/8
11 3/8	8	ARX s			12	86	10 3/4	10 5/8	10 5/8	− 1/4
73 1/2	28 3/4	ASA	2a	3.6		1115	56 1/4	54 3/4	55 1/8	− 2 1/8
20	9 3/4	AVX		1.8	66	524	17 5/8	17 1/4	17 5/8	+ 1/2
67	41	AbtLab	1	1.5	27	3824	66	65	66	+ 7/8
25 1/8	16 5/8	AccoWs	.44	1.6	26	25589	u28 3/4	28 1/4	28 3/8	+ 4 7/8
15 7/8	9	AcmeC	.40	3.0	10	462	13 1/2	13 1/4	13 3/8	
8 3/8	6 1/8	AcmeE .32b		4.2	29	5	7 5/8	7 5/8	7 5/8	
23 7/8	19	AdaEx 3.42e		16.		89	22 1/8	21 7/8	22	
19 1/2	11 3/8	AdmM s	.24	1.4	12	127	16 7/8	16 5/8	16 5/8	
23 3/8	12 1/8	AdvSys .62t		2.6	17	46	23 5/8	23 3/8	23 1/2	
24 1/2	12 7/8	AMD				3967	20 1/4	19 7/8	20	+ 1/8
54 3/4	49 3/8	AMD pf	3	5.9		356	50 5/8	50 3/8	50 1/2	+ 1/4
10 3/4	5 1/4	Adobe				25	9 1/4	9 1/8	9 1/8	
20 1/2	13 3/4	Adob pf	1.84	9.7		5	19	18 7/8	19	
21 7/8	16 3/8	Adob pf	2.40	12.		56	20 3/4	20 5/8	20 3/4	+ 1/8
15 5/8	10 3/8	Advest	.12a	1.0	9	111	12 5/8	12 1/2	12 1/2	− 1/4
66 1/4	53	AetnLf	2.76	4.6	9	7982	60 1/8	59 5/8	59 3/4	+ 1/8
53 5/8	51 1/8	AetL pf3.75e		7.3		27	51 3/4	51 5/8	51 5/8	
64 1/2	26 1/2	AflPb s	.32	.5	33	686	63 1/4	62 1/2	63 1/4	+ 3/8
26 3/4	18 5/8	Ahmans .88		4.1	7	2699	21 5/8	21 1/4	21 5/8	+ 1/2
5 3/8	2 7/8	Alleen				580	4 5/8	4 3/8	4 3/8	
49 1/8	29 1/8	AirPrd	1	2.0	273	2067	u49 3/8	47 3/4	49 1/8	+ 1 3/8
36	16	AirbFrt	.60	1.8	13	305	33 3/4	32 7/8	33 1/2	+ 1/8

WE REGRET that this listing is incomplete due to communication problems.

Continued on Page 45

NYSE COMPOSITE CLOSING PRICES

Continued from Page 44

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
81¼	72	PSEG pf6.80		9.0		z400	75½	75½	75½	+ ½
101	81	PSEG pf7.70		9.3		z120	83	82⅞	83	
101¼	81½	PSEG pf7.80		9.0		151	86¼	86¼	86¼	+ 1½
99¾	81½	PSEG pf8.08		9.9		z100	82	82	82	
3¾	2⅜	Publick				377	2⅝	2⅝	2⅝	− ⅛
26¼	18	Pueblo .20		.8	14	95	u26⅜	26	26⅛	
38½	17¾	PR Cem		6	9	35	35⅜	34¾	34¾	− ½
25¼	19	PugetP 1.76		8.7	11	830	20⅛	20	20¼	+ ⅛
10¼	6⅞	Pullmn .12		1.5	20	401	8⅛	8	8	− ⅛
20¼	10½	PulteHm .12		1.0	14	612	12½	11⅞	12	+ ⅛
40⅝	15	Purolat .05e		.1		27	36⅝	36½	36½	− ⅛
7⅜	5	Pyro			22	76	6	5⅞	6	+ ⅛
17⅞	11	QMS			19	416	16⅝	16¼	16⅝	− ¼
57⅝	32⅝	QuakOs .80		1.4	19	7109	56⅞	54½	55⅛	
31¾	22	QuakSC .80a		3.4	13	372	23¾	23¼	23¾	+ ¼
7⅜	3	Quanex				68	6⅛	6	6	− ¼
12½	10¾	QstVl n .87		8.0		201	11	10¾	10⅞	− ⅛
12⅝	9	QstVC n				111	10⅜	10¼	10¼	− ⅛
48	29½	Questar 1.60		4.5	18	420	39¾	35	35⅝	− ⅛
28	15	QkReil s .22		1.0	13	155	22¼	21⅞	22	
		R R R								
10⅝	6⅞	RBInd .04j		.4	31	284	u10⅝	10⅛	10½	+ ⅜
65⅝	44⅞	RJR Nb 1.60		2.9	13	6971	55¼	54½	54⅝	+ ⅛
126¾	117½	RJR pf11.50		9.7		1	118	118	118	
20¼	13⅛	RLI Cp .32		2.2	7	49	14¾	14½	14½	− ⅛
6⅞	1¾	RPC				42	5	4⅞	4⅞	− ⅛
39	21¾	RTE .68		1.9	23	187	35	34⅝	34⅞	
13½	5	Radice			263	378	5⅜	5⅛	5¼	+ ⅛
87⅝	60	RalsPur 1.24		1.4	17	2060	u89	87¼	88¾	+ 1¾
9½	6	Ramad			29	583	6¾	6⅝	6⅝	− ⅛
6¼	3	RangrO			80	344	5¾	5⅝	5⅝	− ⅛
118¾	66¼	Raycm .44		.4	22	505	117¾	116⅝	117	− ¼
25¾	10⅝	RJamFn s .16		.8	12	2	18⅞	18⅞	18⅞	
28	19	Raymr 2.60		13.	11	80	20⅝	20¼	20⅝	+ ⅛
11	4½	Raytch			9	15	9⅜	9⅜	9⅜	+ ⅛
84	58	Raythn 1.80		2.3	15	1283	78⅛	77⅛	77¾	
5⅜	1¼	ReadBt				961	4⅞	4⅝	4⅝	− ⅛
12¾	4¾	RdBat pf				21	10¾	10½	10¾	+ ⅛
18¼	15¾	RltRef 1.56		9.3	11	2	16⅞	16¾	16¾	+ ⅛
23¾	10¼	RecnEq			18	900	21⅝	20½	20¾	− ¾
10	6⅞	Redmn .32		3.3	20	301	9⅝	9⅛	9⅝	+ ⅜

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Curtice 1.04		14	2	36⅞	36⅞	36⅞	
CustEn			196	2¼	2⅛	2⅛	− ⅛
		D D					
DWG			103	6⅛	6	6⅛	+ ⅛
Damson			3567	5-16	¼	¼	− 1-16
ICH		8	277	14⅛	13½	13½	− ½
ISS	.16	19	9	7	6⅞	7	+ ⅛
ImpOil g1.80			258	54⅝	53¾	53⅞	− ¾
InstSy		13	108	2⅛	2	2⅛	
InsSy pf .25i			2	3	3	3	+ ⅛
IntigSy .50e		12	137	7	6¾	7	+ ½
PicrDg s		17	1314	14¾	14	14¼	− ¾
PopeEv			54	2⅛	2	2	
PresdB		136	5	5½	5½	5½	
PresdA .08			21	5⅞	5¾	5⅞	+ ⅜
ProCms			166	12⅞	12⅝	12⅞	+ ⅛
Wichita			15	1⅛	1	1	
Wickes		8	6567	4⅝	4½	4½	− ⅛
Worthn			19	8¼	8⅛	8¼	+ ⅛
		X Y Z					
Zimer			12	3¼	3¼	3¼	+ ⅛

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
ADC	17 74	24	23½	23½	
ASK	23 1465	13⅛	12¾	13⅛	+ ¼
AST	13 8=6	16⅜	15¾	16⅛	+ ⅜
AbingS	75	14¾	14	14	− 1
AclARt	261	16¾	16	16¼	− ⅛
Actmdc	59 92	27	26¾	27	
Acuen	40 852	19	18½	19	+ ½
Adapt	18 201	13¼	12¾	12¾	− ¼
Adias .10	27 160	22½	22¼	22¼	− ¼
AdobSs	63 253	38	37	37	
AdvTel	25 906	22¼	21½	22	+ ¼
AdvoSy	1581	9¼	9	9⅛	
AffBsh	20 92	12¾	12½	12½	
AgcyRs	27 444	23⅝	23	23¼	
Agnicog .20	1586	23½	22¼	22¼	− 1⅛
AirWisc	183	10⅜	10⅛	10⅛	− ¼
AlaFdls .10i	5 113	17½	17	17½	
AlcoHlt	16 353	19⅞	19⅝	19¾	+ ⅛
AlexBrs	13 701	22¼	21	21	− 1¼

WE REGRET that this listing is incomplete due to communication problems.

Stock	Sales (Hnds)	High	Low	Last	Chng
FlATn 1.10	10 476	29⅝	29	29	− ⅜
FlAmSv .24	32	16½	16⅜	16½	+ ⅛
FColBs .32	14 4	15⅝	15¾	15¾	+ ⅜
FExecs	9 3789	17⅝	17⅛	17⅜	− ¼
FExpfE2.12e	61	23⅛	23	23	+ ⅛
FExpfF2.88	23	26⅛	25⅞	26⅛	
FExplG	134	21¾	21¼	21¼	− ½
FFMic .22e	3 164	23⅛	23	23	− ⅛
FFdlCal	7 142	27	25½	26	
FFFtMs .40	6 110	23½	23½	23½	− ½
FFtPR	6	10¾	10¾	10¾	− ½
FtFMgs	24 305	27¾	27	27¼	− ½

Stock	Sales (Hnds)	High	Low	Last	Chng
	J J				
Jaguar .25e	12 4139	8⅝	8½	8½	− 3-1
JeffrGp	8 99	14¼	14	14¼	− ⅛
JefSmf s.24a	25 740	52⅛	50½	51½	+ 1½
Jerico .16	15 634	21⅝	21⅛	21⅝	− ⅛
JllyLbs	371	17	16¼	17	+ ½
Jonel A.70e	43 336	14	13¾	13⅞	+ ⅛
Junos	24 31	20½	20	20½	+ ¾
	K K				
KLA	40 578	22¾	22¼	22½	+ ⅛
KV Phs	89 49	17	16½	17	
Kaman .52	16 884	31¼	30½	30¾	+ ½
Karchr	494	27⅛	25¾	26¾	+ 1
Kaydon .10e	22 436	u31	30½	30¾	
KlySvA .70	20 146	49	47½	47½	
Kemps .60	8 3176	33¼	32¾	32¾	
KyCnLs	8 355	15¾	15⅜	15½	− ⅛
Kinder .05e	18 1002	16¾	16⅝	16⅝	

Stock	Sales (Hnds)	High	Low	Last	Chng
Novells	42 1213	21¾	21¼	21½	
Noxell .84	32 466	61¾	60¾	61¾	+ ¼
Numrc .56	13 89	22½	22¼	22¼	− ¼
	O O				
OMI Cp	57 253	5 3-16	5 1-16	5⅛	+ 1-1
OglGp .84	19 703	33	32½	33	+ ¼
Oglbay 1.40	84 4	26	26	26	
OhioCas 1.68	9 1322	47¾	46¾	46⅞	− ⅜
OldKnt s .80	9 132	23¼	23	23¼	+ ¼
OldNtB .40e	22 2	45⅝	45⅝	45⅝	
OldRep .80	12 30	29⅞	29¾	29⅞	+ ⅛
Omnicm .86	1216	24⅝	24⅜	24½	+ ⅛
OptwcR	28 517	27¼	26½	27¼	+ ¾
Oracles	67 1590	24¾	23½	23½	− 1
Orbit	13 111	10⅛	10	10⅛	+ ⅛
OshBA .54	28 153	81½	80½	81½	+ 2⅛
OshkTB .30	10 48	29¾	29½	29½	

Continued on Page 43

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Brisk buying of takeover issues continues rally

BRISK BUYING extended Wall Street's summer stock market rally to an 11th session yesterday, *writes Roderick Oram in New York.*

Help came from credit markets where Treasury long bond prices rose about three-quarters of a point on the back of a firmer dollar.

The Dow Jones industrial average closed up 24.66 points at 2,445.51, its fifth close in a row at record levels. Broader market indices followed suit with the Standard & Poor's 500 adding 2.69 to 309.66 and the New York Stock Exchange composite index rising 1.24 to 173.77, both records.

NYSE trading was moderately heavy at 178.9m shares with advancing issues leading those declining by a ratio of almost three-to-two.

Some institutional investors seemed keen to add to their portfolios now that last Friday's futures and options expirations were smoothly behind them. Many portfolio managers were anxious to put their relatively heavy cash positions into stocks in the remaining seven sessions of the quarter.

A lot of yesterday's action revolved around takeover issues, rumoured and actual. ACCO World rose $4⅛ to $28⅜ on more than 2.5m shares, making it the second most active NYSE issue. The office products group agreed to a bid of $29 a share from American Brands which fell $⅜ to $46⅞.

JWT added $¾ to $52¾. The advertising agency said it could not respond by the deadline to the $50½ a share offer from WPP, a British marketing services company. It also said it was studying other options. Newspaper reports suggested it was considering a management buy out.

Meanwhile, Bear, Stearns, a Wall Street brokerage house, said it had built up a 7.33 per cent stake in JWT for itself and its clients. Bear, Stearns added $⅛ to $16⅜.

Dayton Hudson fell $2⅜ to $53⅞. The stores chain said Dart Group, a discount retailer, had built up a stake in it but it would fight to remain independent.

PPG rose a further $3⅛ to $49⅞. The glass, paints and chemicals group has risen strongly in recent sessions on rumours it was a target of several raiders including Hanson Trust of the UK.

ICI of the UK rose $2¼ to $95 in American Depository Receipts form. It agreed to sell the specialty chemical operations of its Stauffer subsidiary to Akzo America, the US unit of the Dutch chemical group.

Camco jumped $3⅞ to $27⅞. Pearson of the UK has offered to buy the 35 per cent of the oil field equipment company it does not already own for $28 a share.

Harcourt Brace Jovanovich dropped $⅞ to $57. Legal action by debenture holders could thwart its recapitalisation plan which would pay a large one-time dividend to common share holders. Salomon Brothers has built up a large position in the debentures.

Allegis edged up $⅛ to $90⅞. The Marriott Group, up $½ to $42⅞, denied it was negotiating to buy part or all of the travel group which is being broken up under a restructuring.

Financial Corporation of America dropped $1 to $5½. Reports indicated that a number of parties were interested in buying the large, troubled California-based savings and loans group but alternatively it may be sold in pieces.

Keying off a firm dollar, bond prices posted moderate gains from the opening. The benchmark 8.75 per cent Treasury long bond was up ²³⁄₃₂ of a point by late afternoon at 103¾ yielding 8.40 per cent. Shorter maturities were ahead by a smaller margin and the bond equivalent yield on T-bill rates fell a few percentage points.

The market faces two tests this week, however. Today, the consumer price index for May might show a slight pick up in inflation. The consensus forecast is for a 0.4 per cent increase from April. Durable good orders, which will also be released today, are thought to have fallen about 1.5 per cent from April.

Moreover, the market will have to absorb $24.5bn of notes which the Treasury is auctioning this week, beginning today.

CANADA

IGNORING Wall Street's bright opening, Toronto stocks fell sharply as tumbling gold issues caused a broad decline.

Dome Mines slipped C$1⅛ to C$15⅞ as golds suffered from the falling bullion price. Echo Bay lost C$2⅞ to C$44⅛ and Hemlo Gold gave up C$⅞ to C$21⅛. Lac Minerals was C$2⅜ lower at C$39⅛.

Base metal issues followed golds, with Inco and Alcan C$⅞ and C$½ off respectively at C$24⅛ and C$40⅞ in active trade. Falconbridge joined them with a C$⅞ dip to C$22⅞.

Industrials were mixed

SOUTH AFRICA

THE EASIER bullion price led Johannesburg gold shares steeply lower as the financial rand's fall offered the market no support.

Bellwether gold issue Vaal Reefs dived R22 to R389 and Buffels, trading ex dividend, hit a low for the year of R65, down R7.50. Among the more speculative gold shares, Bracken fell 40 cents to R7.20.

Mining financials were pulled lower and Anglo American lost R3 to R79.75. De Beers, which has shadowed golds recently, gave up R1.25 to R38 and platinum stock Rustenburg also dropped R1.25 to R52.50.

Nick Bunker looks at the extent of stock exchange investigations

London widens insider trading net

OFFICIALS at the London Stock Exchange have launched 41 full investigations of suspected insider dealing since last October's Big Bang, or deregulation, it emerged yesterday.

The number represents a small increase in the rate at which cases are surfacing, the exchange said.

Ten of the cases have been sent to the Department of Trade and Industry, which has now begun secret inquiries into six cases. All six will probably result in criminal proceedings, the DTI said.

The extent of the DTI's crackdown on insider dealing has also been underlined by a policy change which means that expert inspectors from the City of London rather than civil servants have now taken charge of five out of nine investigations started by the DTI since last June.

This has occurred because DTI investigators have been given greatly-expanded powers to gather evidence under sections of the Financial Services Act which came into force last November.

The DTI said that the nine investigations it had started since last June included three cases which have been publicly discussed: the Collier affair, involving Mr Geoffrey Collier, a former employee of Morgan Grenfell, the merchant bank; an alleged case involving shares in the British and Commonwealth Group; and the investigation into leaks of confidential takeover information by civil servants.

The other six cases have been kept confidential and the DTI declined last night to name any companies or individuals involved or to say when investigations began.

The stock exchange said that since Big Bang the Insider Dealing Group within its surveillance department had launched inquiries into 69 cases where insider dealing was suspected, and launched 41 full investigations. Thirteen of these are still in process.

The exchange said the number of inquiries was "slightly up" on the same period last year.

EUROPE

Amsterdam, Brussels hit record on strong dollar

A STRONG dollar boosted sentiment through most of Europe, and gloom cleared as investors took heart from Wall Street's higher close on Friday. Bearish domestic factors also appeared to slip away, although an underlying note of caution was detected on some bourses.

Frankfurt set the trend, with an active session amid large buy orders from both domestic and foreign investors inspired by a rise in the dollar. Although gains succumbed to profit-taking, the Commerzbank index of 60 leading shares, calculated at mid-session, gained 30.9 points to 1,998.3.

However, a late sell-off of shares in West Germany's largest commercial bank, Deutsche Bank, punctured the day's highs for the market as a whole.

An early surge of foreign demand for Deutsche Bank resulted in a disparity between the Deutsche Bank share price and the price for its new *1-for-15 rights issue*, taking the stock down more than DM 10 in late trading. It ended at DM 639.50, down DM 2.10.

Among other leading banks, Dresdner gained DM 11 to DM 337.50 and Commerzbank put on DM 4.20 to DM 273.50. Cars benefited from the strong dollar, with Daimler rising DM 31 to DM 1,120 and BMW adding DM 10 to DM 660.

Zurich was optimistic on the benefits of a stronger dollar for Swiss exporters, and foreign investors contributed to a broad rise on heavy volume.

The trading session had to be extended by more than an hour, as a resurgence of interest was noted from investors who had been absent from the market for several months.

Bearer shares and certificates were generally stronger than registered stocks. Among blue-chips, the day's sharpest gains were certificates of chemical company Sandoz, up 8.8 per cent from SFr 175 to SFr 2,175.

Amsterdam benefited from *strong domestic institutional and* retail demand, closing at a record on Wall Street's firmer trend.

The ANP/CBS all share-index closed at an all-time high of 303.6, 2.6 points up on its previous record set on September 5, 1986.

Gains were led by export-dependent internationals. Philips rose Fl 1 to Fl 51.70, and Unilever Fl 8.50 to Fl 687.

Akzo put on Fl 2.40 to Fl 146.00, aided by news that it was buying a specialty division of the Stauffer chemical firm recently sold to ICI by Unilever.

Brussels rose on heavy buying, particularly in selected blue chips. Active trading on the back of a firmer dollar helped push the stock index up 28.28 to a record 4,703.04, beating the previous high of 4,683.0 set on May 15 this year.

Foreign buyers were particularly interested in three stocks. Among chemicals, Solvay jumped BFr 175 to BFr 12,325, helping the sector stay firm. Petrofina, the country's largest industrial company, gained BFr 150 to BFr 11,300.

Paris attracted institutional investors after last week's heavy falls as bargain-hunting dominated and the firmer dollar helped to ease pressure on the rate between the French franc and the D-Mark. This in turn helped to ease tension in the *short-term money market.*

Bargains were sought in the electronics sector, where Legrand rose FFr 60 to FFr 5,370 and Matra put on FFr 48 to FFr 2,248.

Oslo soared on a wave of buying led by the oil sector after news that Saga Petroleum was running more tests on a possible oil find in the Barents Sea. Saga, Norway's biggest fully private oil company, added NKr 4.5 at NKr 107.5.

Madrid was up sharply, with food and construction companies leading the way.

Stockholm went against the trend, with higher interest rates and uncertainty over a medium-term direction taking prices down.

Milan also drifted down.

LONDON

A NERVOUS session closed with London equities sharply down after a firm opening amid doubt over the direction of domestic interest rates and renewed fears of a rise in inflation.

The FT-SE 100 index fell 21.5 to 2,244.6. The FT Ordinary index was 21.3 lower at 1,737.0.

Share prices lost ground on late selling following losses of 1½ points in government bonds. Gilts weakened from the opening as the London futures *market dipped and sterling* continued to soften.

Blue chips, notably oils and industrials, held firm at the opening but succumbed to the market's weakness in the continued absence of strong foreign buying. Details, Page 42

ASIA

Small-lot selling sparks third-largest Nikkei fall

TOKYO

SMALL-LOT selling of a variety of stocks, with the exception of some high-tech issues, sparked the third biggest ever tumble in Tokyo prices yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average of 225 select issues fell throughout the day, closing 647.77 lower at 24,640.35 to slip below 25,000 for the first time in 15 sessions. The market barometer has lost 1,287 points in three trading days since it hit an all-time high June 17.

With the collapse of the outlook which had been supporting the bull market since January – a further fall in interest rates, a gain in the yen's exchange rate and a fall in crude oil prices – investors sold in small lots while refraining from buying, market analysts said.

Volume was a small 671.95m, down from Friday's 1.8bn shares, reflecting investors' reluctance to participate in the market. Losers far outpaced gainers by 752 to 206, with 93 issues unchanged.

Investors sought high-tech blue chips, however, in view of rising demand and the yen's fall from recent levels, which should help export profitability. Such issues accounted for six of the 10 most active stocks.

Sony, which was placed ninth with 8.80m shares, particularly fanned purchases of high-tech blue chips, soaring Y110 to Y4,080.

Konishiroku Photo Industry drew buying on a press report that it would produce a diagnostic drug for cancer using a monoclonal antibody. It shot up Y72 to Y869, exceeding a record high of Y860 scored last year, on the day's third heaviest trading of 19.63m shares.

Fujitsu was second most active with 21.50m shares traded, but was unchanged at Y1,170. Matsushita Electric Industrial, also closed unchanged at Y2,100. Hitachi and Sanyo Electric, respectively, eased towards the close, finishing Y30 lower at Y1,120 and Y17 cheaper at Y513.

Tokyo Electric Power continued its slide, losing Y340 to close below Y7,000 at Y6,810. This represented a *Y2,610 tumble from its* record high of Y9,420 set last April 22. The fall triggered selling of other utilities.

Bond prices fell sharply, mirroring the increasingly bearish mood. The yield on the 5.1 per cent government bond due in June 1996 opened at 3.260 per cent, up from 3.170 per cent on Friday, and closed at 3.445 per cent.

In inter-dealer trading after the close of the Tokyo Stock Exchange, the yield rose further to 3.500 per cent. There was no panic selling, however, as attested to by the small inter-dealer trading of Y590bn, a steep decline from the usual level of Y2,000bn to Y3,000bn.

The September contract on the futures market suffered a daily limit loss of Y2 to Y111.10.

SOUTH KOREAN stock prices rose sharply in response to news that President Chun Doo Hwan was prepared to meet opposition leader Mr Kim Young-Sam in a bid to defuse recent anti-government unrest. The composite index rose 4.69 to 385.70, although trade was a subdued 44.2bn won against 24.3bn won on Saturday's half-day session as many investors stayed out of the market.

AUSTRALIA

CAUTION inspired by the forthcoming federal elections and the approaching end of the financial year on June 30 depressed Sydney share prices across the board, with many investors sidelined. The All Ordinaries index was down 24.1 at 1,774.6.

Leading mining shares were also hit by the fall in bullion prices. CRA fell 50 cents to A$9.10, Western Mining 48 cents to A$5.94 and MIM 22 cents to A$2.18. Poseidon fell 10 cents to A$5.40 on turnover of 860,000 shares. It is the rumoured target of a takeover bid.

Bellwether resource stock BHP traded erratically to close 11 cents off at A$9.94. Its associate company Bell lost 4 cents to A$4.50.

In a weak industrial sector, News Corp lost 30 cents to A$18.60. Banks also eased.

HONG KONG

PROFIT-TAKING sparked by Saturday's rise in prime interest rates led Hong Kong share prices lower in moderate trade. The Hang Seng index fell 34.45 to 3,131.19.

Financial issues, however, found some support against the trend, with the Hang Seng banking sector *index 14.23 higher at 1,985.66.*

Hongkong Bank added 5 cents to HK$8.80. It continued buoyantly on last week's news that its US subsidiary, Marine Midland, had boosted its loan-loss reserves against Third world debt. Hang Seng Bank was 75 cents stronger at HK$37.75 and Bank of East Asia climbed 10 cents to HK$24.50.

Blue chips fell to the profiteers. In properties, Hang Lung lost 40 cents to HK$14.30, Hongkong Land 5 cents to HK$7 and Sun Hung Kai Properties lost 40 cents to HK$16.10.

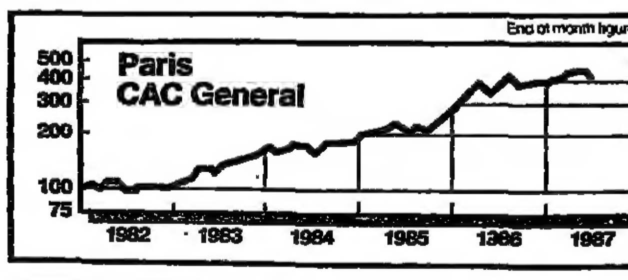
Elsewhere, Hutchison Whampoa *gave up 30 cents to HK$13.50 and* Cheung Kong 20 cents to HK$13.

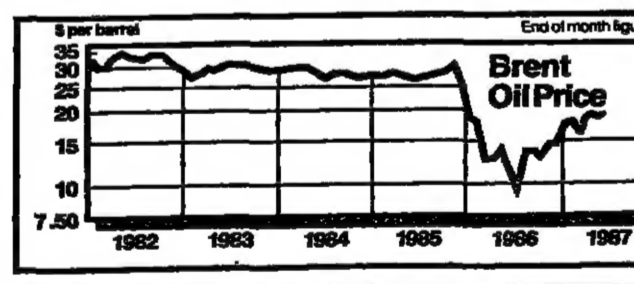
SINGAPORE

SHORT-COVERING and bargain-hunting lifted Singapore share prices to a record in busy trade. The Straits Times industrial index added 6.82 to a new peak of 1,244.21, against the previous high of 1,243.71 reached on June 5, this year. Turnover, however, was down to 55.8m shares from Friday's 61.5m.

Fraser and Neave picked up 30 cents to S$10.90 as blue chips led the broad advance. Singapore Airlines was 10 cents higher at S$13.30 after receiving approval for new routes to Europe, China, Japan and the US. Inchcape added 5 cents to S$5.65 and Singapore Land 10 cents to S$7.50.

KEY MARKET MONITORS





STOCK MARKET INDICES

	June 22	Prev	Year ago
NEW YORK			
DJ Industrials	2,445.51	2,420.85	1,879.54
DJ Transport	1,027.20	1,026.94	778.13
DJ Utilities	206.76	205.55	190.49
S&P Comp.	309.65	306.97	247.56
LONDON FT			
Ord	1,737.0	1,758.3	1,338.2
SE 100	2,244.6	2,266.1	1,637.20
A All-share	1,127.96	1,137.25	801.50
A 500	1,253.93	1,264.47	885.34
Gold mines	376.7	390.1	208.5
A Long gilt	9.13	9.02	8.08
World Act. Ind (June 19)	133.25	134.46	90.52
TOKYO			
Nikkei	24,664.35	25,288.12	17,403.1
Tokyo SE	2,109.07	2,174.81	1,344.56
AUSTRALIA			
All Ord.	1,774.1	1,798.2	1,214.7
Metals & Mins.	1,046.7	1,087.9	524.8
AUSTRIA			
Credit Aktien	182.26	182.21	243.08
BELGIAN SE	4,703.00	4,674.76	3,620.63
CANADA			
Toronto			
Met.& Mins.	2,616.4	2,674.3	2,131.0
Composite	3,706.6	3,740.20	3,059.7
Montreal			
Portfolio	1,882.88	1,898.15	1,550.01
DENMARK SE			
SE	211.48	211.40	214.46
FRANCE			
CAC Gen	–	400.60	340.8
Ind. Tendance	100.30	99.40	80.42
WEST GERMANY			
FAZ-Aktien	625.44	615.73	649.72
Commerzbank	1,889.30	1,858.40	1,951.3
HONG KONG Hang Seng	3,131.19	3,165.64	1,781.04
ITALY Banca Comm.	–	711.40	653.84
NETHERLANDS ANP CBS			
Gen	303.60	297.40	290.6
Ind	261.40	256.00	284.5
NORWAY Oslo SE	435.48	433.48	363.08
SINGAPORE Straits Times	–	1,237.39	759.92
SOUTH AFRICA JSE			
Golds	—	2,051.0	1,262.3
Industrials	—	190.2	1,152.4
SPAIN Madrid SE	234.47	230.22	181.66
SWEDEN J & P	–	(c)	(c)
SWITZERLAND Swiss Bank Ind	613.30	603.30	558.6

COMMODITIES (London)

	June 22	Prev
Silver (spot fixing)	435.05p	460.8p
Copper (cash)	£958.50	£965.50
Coffee (September)	£1,241.0	£1,239.0
Oil (Brent Blend)	$19.10	$19.025

GOLD ($/oz)

	June 22	Prev
London	$438.00	$449.50
Zürich	$438.75	$448.85
Paris (fixing)	$444.69	$451.69
Luxembourg	$444.25	$452.50
New York (August)	$440.80	$448.7

CURRENCIES (London)

	US DOLLAR June 22	US DOLLAR Previous	STERLING June 22	STERLING Previous
$	–	–	1.5945	1.6160
DM	1.8400	1.8295	2.935	2.9575
Yen	145.80	145.05	232.5	234.5
FFr	6.135	6.11	9.7825	9.8725
SFr	1.5290	1.5200	2.4375	2.455
Fl	2.0715	2.0610	3.3025	3.33
Lira	1,328	1,323	2,117.5	2,138
BFr	38.10	37.90	60.75	61.25
C$	1.3355	1.3390	2.1295	2.1665

INTEREST RATES

	June 22	Prev
Euro-currencies (3-month offered rate)		
£	9⁹⁄₁₆	9⅛
SFr	4¼	4⅛
DM	3¹³⁄₁₆	3⅞
FFr	8⅝	8⅝
FT London Interbank fixing (offered rate)		
3-month US$	7⁹⁄₁₆	7⅛
6-month US$	7⅞	7⁷⁄₁₆
US Fed Funds	6¹³⁄₁₆*	6⅞
US 3-month CDs	6.80*	7.75
US 3-month T-bills	5.65*	5.82

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
June 22 (Sept)	93-08	93-16	92-31	92-15
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	94.01	94.02	93.96	93.94
Certificates of Deposit (IMM) $1m points of 100%				
(Sept)	n/a	n/a	n/a	93.28
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92.59	92.70	92.62	92.55
20-year National Gilt £50,000 32nds of 100%				
(June)	123-04	123-22	123-04	124-12

US BONDS

Treasury

	June 22 Price	June 22 Yield	Prev Price	Prev Yield
7⅞ 1989	101[illegible]	7.376	101[illegible]	7.397
7 1994	94¹⁷⁄₃₂	8.05	94⁹⁄₃₂	8.10
8½ 1997	101[illegible]	8.21	101¹⁷⁄₃₂	8.26
8¾ 2017	103²³⁄₃₂	8.40	103⁷⁄₃₂	8.457

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index (June 22)	Day's change	Yield	Day's change
1-30	163.17	+0.23	6.93	−0.03
1-10	154.63	+0.12	6.66	−0.03
1- 3	144.03	+0.07	6.37	−0.03
3- 5	157.57	+0.17	6.71	−0.03
15-30	193.58	+0.59	7.76	−0.03

Source: Merrill Lynch

Corporate

	June 18 Price	June 18 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	93.32	6.35	93.17	6.40
SCST South Central 10⅜ Jan 1993	103	10.17	102.875	10.19
Phibro Sol 8 April 1996	92.86	9.20	92.56	9.25
TRW 8⅜ March 1996	97.33	9.20	97.91	9.10
Arco 9⅜ March 2016	103.64	9.50	103.14	9.55
General Motors 8⅛ April 2016	86.0	9.55	86.07	9.55
Citicorp 9⅜ March 2016	91.92	10.25	93.22	10.10

Source: Salomon Brothers

* Latest available figures